



July 30, 2018

The Secretary BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400001	The Secretary National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex (BKC) Bandra (East) Mumbai - 400051
Scrip Code No-539844	EQUITAS

Dear Sir/Madam,

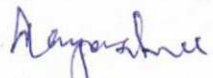
Sub: Annual Report for the FY 2017-18.

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are attaching herewith Annual Report for the Financial Year 2017-18 as approved and adopted by the shareholders at the 11th Annual General Meeting of the Company, in accordance with the provisions of the Companies Act, 2013.

Kindly take the same for your record.

Thanking You,

Yours sincerely,
for Equitas Holdings Limited


Jayashree S Iyer
Company Secretary

EQUITAS HOLDINGS LIMITED

11th ANNUAL REPORT

2017-18



equitas

Equitas Holdings Limited

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FINANCIAL HIGHLIGHTS [CONSOLIDATED]
₹ Crore

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Interest Income	452	702	1,037	1,443	1,598
Finance Cost	190	295	436	587	674
Net Interest Income	262	408	601	856	924
Other Income	32	54	78	114	189
Total Income	484	756	1,115	1,557	1,787
Profit After Tax	74	107	167	159	31
Net Worth	742	1,171	1,341	2,231	2,276
Paid-up Equity Share Capital [₹ 10/- each]	73	269	270	338	340
Reserves and Surplus	669	902	1,071	1,893	1,936
Borrowings (excl. customer deposits)	1,849	3,032	4,683	4,657	5,887
Customer Deposits		-	-	1,886	4,719
Advance under Management [AUM]	2,486	4,010	6,125	7,176	8,238
GNPA [#] & [\$]	0.73%	1.08%	1.34%	3.53%	2.72%
NNPA [#] & [\$]	0.61%	0.80%	0.94%	1.47%	1.44%
Book Value per Share [₹] [*]	102.13	43.50	49.69	66.03	66.87
Earnings per Share [₹] [Diluted] [**]	11.61	4.48	6.19	4.69	0.91

FY16: UCV, LAP & M-LAP products, NPA recognition changed from 6 months to 5 months

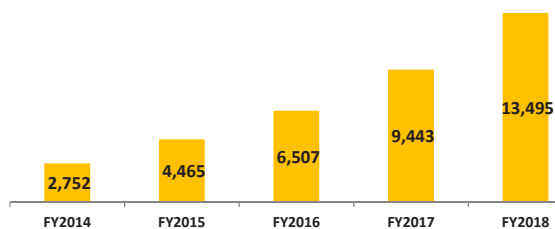
\$ FY17: UCV, LAP & M-LAP products, NPA recognition changed from 5 months to 90 days

Per Share value for FY15 has been impacted due to Bonus issue and fresh infusion of equity. If Bonus issue is not considered, the impact would have been as follows:

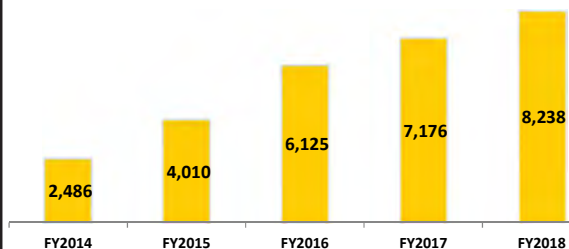
[*] Book Value ₹ 96.42 per share

[**] EPS ₹ 11.75 per share

Total Assets (₹ Crore)

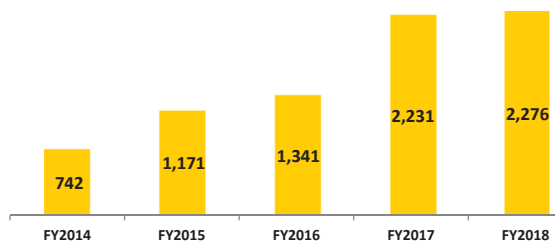


Total Advances (₹ Crore)

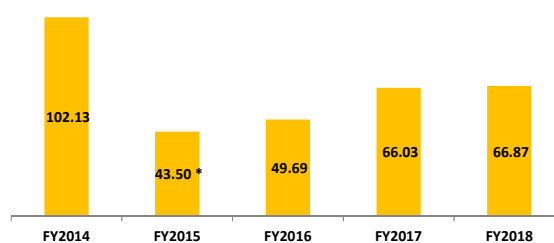


Total Advances includes Off-Book Advances

Net Worth (₹ Crore)

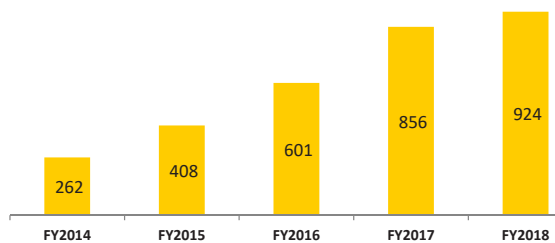


Book Value per share (in ₹)



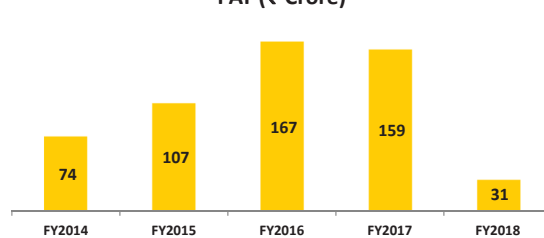
* Bonus Issue made in FY2015

Net Interest Income (₹ Crore)

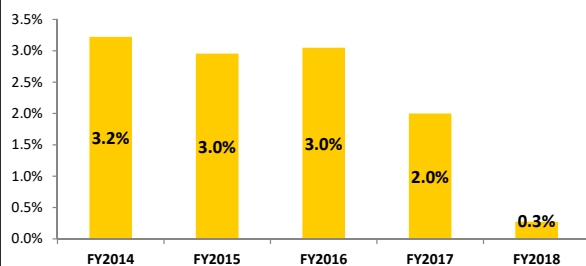


Net Interest Income = Interest Income, including Securitisation Income, net of Finance cost

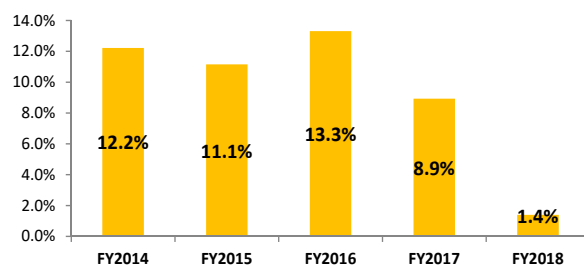
Consolidated PAT (₹ Crore)



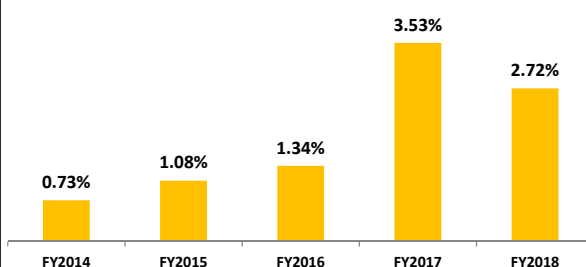
ROA



ROE

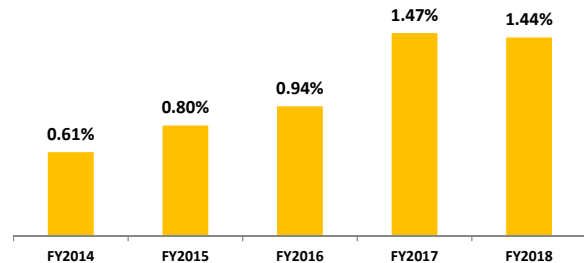


GNPA

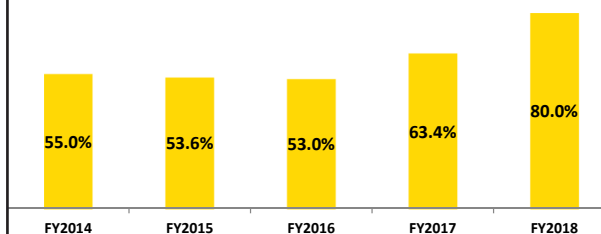


NPA recognition change in FY2016 and FY2017 is due to Regulatory requirements

NNPA



Cost to Income Ratio



CORPORATE OVERVIEW		
BOARD OF DIRECTORS		
Rangachary N	(DIN 00054437)	Chairman and Independent Director
Arun Ramanathan	(DIN 00308848)	Independent Director
Jayshree Ashwinkumar Vyas	(DIN 00584392)	Independent Director
Rajaraman P V	(DIN 01658641)	Independent Director
Viswanatha Prasad S	(DIN 00574928)	Independent Director
Yogesh Chand Nanda	(DIN 01643316)	Independent Director
Bhaskar S	(DIN 02360919)	Executive Director & Chief Executive Officer
Parthasarathi Shome (resigned on April 21, 2017)	(DIN 03401282)	Independent Director
Kuppuswamy P T (resigned on September 27, 2017)	(DIN 00032309)	Independent Director
Raghavan M S (resigned on April 27, 2018)	(DIN 05236790)	Independent Director
KEY MANAGERIAL PERSONNEL		
Srimathy R		Chief Financial Officer
Jayashree S Iyer		Company Secretary
Registered Office		Statutory Auditors
410A, 4 th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai Chennai – 600002 Tel : +91 44 4299 5000 Fax : +91 44 4299 5050 Email : corporate@equitas.in Website: https://www.equitas.in CIN: L65100TN2007PLC064069		M/s. S R Batliboi & Associates LLP 6 th & 7 th Floor, “A” Block Tidel Park, (Module 601,701 & 702) No.4, Rajiv Gandhi Salai, Taramani Chennai – 600 113 Tel : +91 44 6654 8100 Fax: +91 44 2254 0120
Bankers		Registrar & Share Transfer Agent
Axis Bank Limited Equitas Small Finance Bank Limited ICICI Bank Limited State Bank of India		Karvy Computershare Private Limited Karvy Selenium Tower B Plot No. 31-32 Gachibowli Financial District Nanakramguda Hyderabad - 500 032 Tel: +91 40 6716 2222 Email: einward.ris@karvy.com Website: https://karisma.karvy.com

FROM THE CHAIRMAN'S DESK

Dear Shareholders,

I am happy to communicate with you all once again through this Annual Report for FY 2017-18.

We had an eventful year and I would like to thank you all for your continued support in our endeavour to serve the community at large, as a Small Finance Bank (SFB). This Annual Report reflects the first full financial year of functioning as an SFB. This marks an important milestone, as it highlights our ability of successfully transforming from an NBFC to a Bank. We will continue to strive to make the transition a success and make Equitas one of the best banking brands in the country.

The Bank witnessed major milestones and made significant progress on both advances and liabilities, I am confident we are on the right track to fulfil the responsibilities bestowed upon us by the Reserve Bank of India.

Through this communique, I would like to briefly outline the progress made by the Bank in FY 2017-18.

Liability franchise continue to progress as planned

The Bank's liability franchise continued to see strong traction during the year.

We expanded our liability network during the year and increased our national foot print by setting up 392 banking outlets, as of March 31, 2018. Our banking presence has increased to 15 States and Union Territories. All of the branches are fully functional and completely equipped to perform a wide variety of banking operations.

Over the past 12 months, over 2.70 lakh customers have reposed their trust in us with customer deposit balances crossing ₹ 4,700 crore, making up over 44% of our total borrowings and a healthy CASA contribution of around 35%.

In digital banking, progress has been satisfactory and in a short time, our digital banking offerings are comparable to some of the best Banks in the country. Equitas became the first bank in India to launch online ETC FASTag, where customers can apply for the electronic toll payment tags completely online. We also launched our selfeSavings Account, an online instant account opening where customers can open a savings account in under five minutes. Other digital services such as Corporate Net Banking, UPI (Unified Payments Interface) etc., have also been rolled-out to strengthen our presence in the fast evolving digital landscape.

Advances realigned and backed by growth momentum

We continue to reach out to the financially neglected segments of the country through our wide product offering and extensive network of branches. Today, the bank offers small loans across product segments like Commercial Vehicle Finance, Loan Against Property, Gold Loans, Micro Finance, Working Capital and Term loans for micro and small enterprises.

FY 2017-18 was particularly difficult for the Bank, as we had to navigate through turbulent months post demonetization and macro headwinds like the introduction of GST. The event risks in Micro Finance continued to haunt Micro Finance Institutions and Banks offering Micro Finance.

The Demonetisation by the Government, in Q3 FY 2016-17, had adversely affected the Micro Finance industry. The pain on the portfolio continued in FY 2017-18 as well, however, the industry and Equitas have recovered since.

Our Micro Finance Portfolio at Risk [PAR] peaked at ₹ 209.60 Crore as of Q2 FY 2017-18; this number has reduced since then. A significant portion of the PAR in Micro Finance has been deemed unrecoverable and completely provided for and written off during FY 2017-18. This increased the credit cost of the Bank during the Financial Year.

To align our Micro Finance portfolio with our long-term strategy and mitigate the impact of such event risks on the profitability of our Bank, we reduced the Micro Finance contribution to the overall loan portfolio from 46% to 28% in twelve months. The team has successfully managed to do this without creating any adverse impact to the business. We will continue to increase the secured part of the portfolio to have a stable and sustainable portfolio.

In the Annual Report of FY 2013-14, I had mentioned "This ambitious desire to create the Best in Class and sustainable Institution guided us all through these years and are still guiding us in our activities...". We continue to have this approach in building our Bank.

Our Non-Micro Finance advances continued its robust growth. The Non-Micro Finance advances registered a growth of 53%, as our small ticket Loan Against Property and Used Commercial Vehicle Finance continued their healthy growth while maintaining a strong asset quality. The overall Non-Micro Finance GNPA is lower than in FY 2016-17.

Last year, I had mentioned the introduction of a few new loan products by the Bank. I am happy to inform you that these products such as Micro and Small Enterprises (MSE) Loans, Business Loans and Agri Loans are gaining acceptance and forms 13% of our overall advances. The team continues to innovate and introduce new lending products successfully every year, as we strive to be the preferred bank for MSEs.

Financial Inclusion commitment

As we continue to grow our advances, we always keep in mind our commitment to include the financially excluded sections of the society. All our growth strategies and new product launches are aligned towards this commitment. Our lending portfolios in Inclusive banking and Emerging Enterprise banking cater almost exclusively to the financially excluded sections of the society and for more than 90% of our borrowers, we are the first banker to provide loans to them.

Impact on Profitability

Though the Non-Micro Finance advances grew by 53%, because of reduction in Micro Finance advances, the overall advances growth was only 15%. The year was marked by unanticipated decline in profitability caused by the contraction in our Micro Finance advances and the write off that we made for the impaired Micro Finance assets. We recorded a Profit After Tax [PAT] at Consolidated level of ₹ 31.35 Cr compared to ₹ 159.36 Cr in FY 2016-17.

Social Initiatives

Equitas group continues to remain committed to undertaking social initiatives, over and above our business calling, to create a meaningful impact on our society.

During the year, we continued our social initiatives in the form of free health camps, livelihood skills training and job placement initiatives for unemployed youth. Our Equitas Gurukul schools continue to function well. We are running seven such schools through our Trust, Equitas Development Initiatives Trust (EDIT). We continue to positively impact the families of 5,500+ students from the low income households, studying in our schools by providing them high quality affordable education. Also, our students continue to fill us with pride by excelling in their educational and sports pursuits.

With the support from all our stakeholders, I am confident that the Group shall continue to grow further, achieve bigger milestones in banking and serve the society further more meaningfully.

God bless you

**Rangachary N
Chairman**

Place: Bengaluru
Date : April 27, 2018

DIRECTORS' REPORT

To,
The Members,
Equitas Holdings Limited

Your Directors have pleasure in presenting the Eleventh Annual Report together with the audited accounts of the Company on a Consolidated and Standalone basis for the Financial Year ended March 31, 2018 (FY 2017-18).

Financial Results

The summary of the Company's financial performance, both on a Consolidated and Standalone basis for FY 2017-18 compared to the previous year, FY 2016-17 is given below:

(₹ in lakh)

Particulars	Consolidated		Standalone	
	2017-18	2016-17	2017-18	2016-17
Total Revenue	1,78,741.19	1,55,655.24	1,357.21	1,235.53
Less: Total Expenditure	1,73,624.78	1,30,499.15	515.15	485.23
Profit before taxation	5,116.41	25,156.09	842.06	750.30
Provision for taxation	1,981.15	9,219.52	298.62	282.13
Profit after taxation	3,135.26	15,936.57	543.44	468.17
Transfer to Statutory Reserve	904.48	3,812.56	108.70	93.70
Transfer to General Reserve	Nil	2,097.55	Nil	Nil

Dividend

The Directors do not recommend any dividend for the year.

Transfer to Reserves

Your Company has transferred a sum of ₹ 108.70 lakh to Statutory Reserve as required under the Reserve Bank of India Act, 1934.

Capital Adequacy

The Capital Adequacy Ratio of the Company was 89.71% as of March 31, 2018 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.

Share Capital

The Company, during the year, has issued in aggregate, 26,16,230 equity shares to the 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 ₹ 34,043.00 lakh as of March 31, 2018 as compared to ₹ 33,781.37 lakh as of March 31, 2017.

Investment in Subsidiaries

During FY 2017-18, the Company had infused a capital of ₹ 500.00 lakh in its Subsidiary, Equitas Technologies Private Limited by subscribing to its equity shares on a rights basis.

The State of Company's affairs

The Company continues to be categorised as a Non-Banking Financial Institution - Non-Deposit taking - Systemically Important Core Investment Company (CIC-ND-SI) under the RBI Regulations. The Company is in compliance with the conditions of Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016, as amended.

Statutory Disclaimer

The Company is having a valid Certificate of Registration dated September 1, 2016 issued by RBI under Section 45-IA of the Reserve Bank of India Act, 1934. However, 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 RBI and by issuing a Certificate of Registration to the Company, RBI 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 the following Subsidiaries:

Sl. No.	Name of the Subsidiary	Activities
1	Equitas Small Finance Bank Limited (ESFBL)	ESFBL is engaged in Banking business. Its various activities are outlined in the Management Discussion and Analysis Report which forms part of this Report.
2	Equitas Technologies Private Limited (ETPL)	ETPL is engaged in freight facilitation business under the brand name of 'Wowtruck'. ETPL provides a common platform for transporters and customers to connect online and carry out transactions on a real time basis.

The Company has laid down a Policy for determining Material Subsidiaries which is available on our website https://www.equitas.in/pdf/EHL_Policy_Materiality.pdf.

There are no Associate or Joint Venture Companies within the meaning of Section 2(6) of the Companies Act, 2013 ("the Act").

Performance and Financial Position of Subsidiaries

(₹ 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	1,00,594.34	2,009.60
5.	Reserves & surplus	1,03,780.92	(1,580.65)
6.	Total assets	13,30,995.83	482.12
7.	Total liabilities	13,30,995.83	482.12
8.	Investment in Shares/Mutual Funds	2,520.00	9.60
9.	Turnover (Revenue from operations)	1,78,392.75	302.79
10.	Profit/(Loss) before taxation	4,851.49	(625.41)
11.	Provision for taxation	1,668.35	0.00
12.	Profit/(Loss) after taxation	3,183.14	(625.41)
13.	Proposed Dividend	Nil	Nil
14.	% of shareholding	100.00%	99.52%

There are no Companies which have become or ceased to be Subsidiaries, Associate or Joint Ventures Companies during FY 2017-18.

There has been no change in the nature of business of the Company or its Subsidiaries.

Further, pursuant to the provisions of Section 136 of the Act, the audited financial statements in respect of Subsidiaries are available on the website of the Company.

Consolidated Financial Statements

The Consolidated Financial Statements which have been prepared in accordance with the Act and the relevant Accounting Standards form part of this Annual Report.

Management Discussion and Analysis

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations] the Management Discussion and Analysis Report highlighting the business-wise details of ESFBL and ETPL forms part of this Report.

Corporate Governance

A report on Corporate Governance containing the details as required under the SEBI (LODR) Regulations forms part of this Report.

M/s S R Batliboi & Associates LLP, Statutory Auditors have certified that the Company has complied with the conditions of corporate governance as stipulated under SEBI (LODR) Regulations.

Corporate Social Responsibility

The Company has laid down a Corporate Social Responsibility Policy, which is available on our website <https://www.equitas.in/pdf/EHL-CSR-Policy.pdf>. In accordance with the Policy, the Company and its Subsidiary, ESFBL contribute higher of 5% of its net profits or 2% of average net profits made during the preceding three financial years, to Equitas Development Initiatives Trust, a Public Charitable Trust, for carrying out CSR activities on their behalf. The report on CSR is enclosed as **Annexure – I**.

Business Responsibility Report

Business Responsibility Report is attached and forms part of this Report.

Board Meetings

During FY 2017-18, the Board of Directors of the Company met six times. The Meeting details are given in the Report on Corporate Governance. The maximum interval between any two Meetings did not exceed 120 days, as prescribed in the Act.

Composition of Audit Committee

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

Board of Directors

As on the date of this Report, the Company has six Independent Directors including a Woman Director.

Directors & Key Managerial Personnel**Change in Directors**

Dr Parthasarathi Shome and Mr Kuppuswamy P T, Independent Directors have resigned from the Board w.e.f. April 21, 2017 and September 27, 2017 respectively.

Your Directors place on record their appreciation for the valuable advice and guidance provided by Dr Parthasarathi Shome and Mr Kuppuswamy P T during their tenure as Directors of the Company.

The Board of Directors of the Company at its Meeting held on October 26, 2017, had appointed Mr Raghavan M S and Mr Viswanatha Prasad S as Additional Directors of the Company w.e.f. October 26, 2017. Mr Raghavan M S subsequently resigned from the Board w.e.f. April 27, 2018.

Your Directors place on record their appreciation for the valuable advice and guidance provided by Mr Raghavan M S during his tenure as Director of the Company.

Resolution for appointment of Mr Viswanatha Prasad S as Director of the Company is being placed before the shareholders for approval at the ensuing Annual General Meeting (AGM) and the same has been included in the Notice of AGM. Brief profile of the above appointee has been annexed to the Notice of AGM.

The Company has familiarised the Independent Directors of the Company with their roles and responsibilities, nature of industry in which the Company operates, business model of the Company, etc. The details of the familiarisation programme imparted to Independent Directors are available on our website <https://www.equitas.in/pdf/Familiarisation-Programme-for-Independent-Directors.pdf>.

The terms and conditions of appointment of Independent Directors are also available on our website <https://www.equitas.in/pdf/EHL-ID-Appt-TermsnConditions.pdf>. Section 152 of the Act provides that two-thirds of the total numbers of Directors shall be liable to retire by rotation out of which one-third shall retire from office at every AGM. In terms of Section 149(13), the provisions of retirement of Directors by rotation shall not be applicable to Independent Directors and an Independent Director shall not be included in the total number of Directors liable to retire by rotation.

Accordingly, Mr Bhaskar S, ED & CEO, the only non-Independent Director, retires by rotation this year, and being eligible, offers himself for re-appointment. The Board recommends his re-appointment as Director of the Company. Appropriate resolution for his re-appointment is being placed for approval of the shareholders at the ensuing AGM.

Declaration from Independent Directors

The Board has received declarations from the Independent Directors as required under Section 149(7) of the Companies Act, 2013 and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned in Section 149(6) of the Companies Act, 2013.

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 FY 2017-18 were evaluated on the basis of criteria approved by the

Board. Some of the performance indicators, based on which the independent directors are evaluated include contribution to setting strategies and policy directions, concern for stakeholders, approach to issues placed before the Board, exercising of own judgement and voicing opinion freely.

All Directors were provided the criteria for evaluation which were duly filled in and sent to the Secretary to NRG. The feedback was then collated and shared in confidence with the Chairman of NRG.

The Chairman of NRG discussed the same with the other Members of NRG. Later at the Board Meeting, he shared the feedback with the Chairman of the Board and other Directors.

Policy on Directors' appointment & remuneration

The Company has formulated and adopted Policy on selection of Directors and Remuneration Policy which are available on our website <https://www.equitas.in/pdf/EHLFit&ProperPolicy.pdf> and <https://www.equitas.in/pdf/EHLRemunerationPolicy.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) they 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, 2018 and of the profit of the Company for that period;
- 3) they 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) they have prepared the annual accounts on a going concern basis;
- 5) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- 6) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Key Managerial Personnel (KMP)

Ms Srimathy R was appointed as CFO of the Company w.e.f. August 1, 2017 in the place of Mr Vasudevan S who had resigned with effect from close of office hours on July 31, 2017 and moved to ESBL payroll. As at March 31, 2018, the Company had the following KMPs:

Sl. No.	Name	Designation
1	Mr Bhaskar S	ED & CEO
2	Ms Srimathy R	CFO
3	Ms Jayashree S Iyer	Company Secretary (CS)

Overall remuneration

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

Details of remuneration as required to be provided under Section 197 of the Act, read with rules thereunder are given in Annexure - A.

Whistle Blower Policy/Vigil Mechanism

The Company has devised a Vigil mechanism for Directors and employees through the adoption of Whistle Blower Policy, which is available on our website <https://www.equitas.in/pdf/EHL-Whistle-Blower-Policy.pdf>.

Auditors

Statutory Auditors:

M/s S R Batliboi & Associates LLP, Chartered Accountants, were appointed as Auditors of the Company for a period of 5 years till the conclusion of 15th AGM to be held in the year 2022. The Company has received a letter from them stating that they are eligible to continue as Auditors of the Company and are not disqualified for appointment under the Companies Act, 2013, the Chartered Accountants Act, 1949 and the rules and regulations made thereunder. The Directors recommend the ratification of appointment of M/s S R Batliboi & Associates LLP, Chartered Accountants, as Auditors of the Company from the conclusion of the ensuing AGM till the conclusion of 12th AGM to be held in the year 2019.

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

There have been no frauds reported during FY 2017-18.

Secretarial Auditors:

The Secretarial Audit Report of M/s B Ravi & Associates, Practising Company Secretaries for FY 2017-18 is enclosed as Annexure-II.

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

There are no qualifications, reservations, adverse remarks or disclaimers made either by the Statutory Auditors or Secretarial Auditors.

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

During FY 2017-18, the Company had no activity relating to conservation of energy or technology absorption. Also, there were no foreign currency earnings or outgo.

Details of Employee Stock Option Scheme

Since FY 2007-08, the Company has formulated and adopted several Employee Stock Option Schemes (ESOS) for the benefit of eligible employees of the Company and its Subsidiaries.

The Nomination, Remuneration & Governance Committee constituted by the Board of Directors of the Company, administers the ESOS.

Information as required under Section 62 of the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014 is as under:

Sl. No.	Information required	Particulars
1	Number of Options granted during the year	31,47,750
2	Number of Options vested during the year	46,97,597
3	Number of Options exercised during the year	26,16,230
4	Number of shares arising as a result of exercise of Options	26,16,230
5	Number of Options forfeited/ lapsed during the year	93,27,664
6	Exercise Price (₹)	164/156/151
7	Money realized by exercise of Options	₹ 1,425.93 lakh
8	Total number of Options granted but unvested	1,79,81,734
9	Total number of Options available for grant	2,03,18,627
10	Variation of terms of options	Nil

There were no material changes in the ESOS of the Company during FY 2017-18 and the same is in compliance with the relevant provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014.

Employee-wise details of options granted to

1. **Key Managerial Personnel - Nil**
2. **Any other employee who receives a grant of options in any one year, amounting to five percent or more of options granted during FY 2017-18:**

Name of the Employee	Designation	No. of options granted	Exercise Price (₹)	% of options granted
Mr Raghavan H K N	President - Outreach and Retail Banking, ESFBL	5,00,000	164.00	16
Mr Sanjeev Srivastava	President & Country Head - Liabilities, Branch Banking, Product & Wealth, ESFBL	4,00,000	156.00	13

3. **Identified employees who were granted options during FY 2017-18, 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 available on our website <https://www.equitas.in/pdf/ESOSInformation.pdf>.

Particulars of contracts or arrangements with related parties

All the Related Party Transactions that were entered into during FY 2017-18 were on an arm's length basis and were in the ordinary course of business.

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 AS-18 are provided in Note 24 forming part of Financial Statements of your Company.

The Company's Policy on dealing with Related Party Transactions is available on our website <https://www.equitas.in/pdf/EHLPolicyonRelatedPartyTransactions.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 by them to manage these risks 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 ARMC of the Board. These measures help in ensuring adequacy of internal financial controls commensurate with the nature and scale of operations of the Company.

Loans / Guarantees / Investments

Details of loans, guarantees and investments covered under Section 186 of the Act, are provided in Notes 11, 13, 24 and 28 forming part of Standalone Financial Statements of your Company.

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 so far.

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 RBI/any other Regulators on the Company during FY 2017-18.

However, Equitas Small Finance Bank Limited (ESFBL), the wholly-owned Subsidiary of the Company was penalised for having commenced the business of distribution of third party products without obtaining prior approval of Reserve Bank of India.

ESFBL was formed by merger of three NBFC Subsidiaries carrying on the business of micro finance, vehicle finance and housing finance respectively. These Companies were arranging / distributing insurance for its borrowers, primarily to secure the loans in the event of their death or incapacitation due to accident or otherwise as well as insuring the asset which is secured to the loan, such as vehicles, property, etc. This legacy arrangement was continued after becoming a Small Finance Bank, however, there was an oversight in seeking RBI's prior approval.

Soon after noticing this omission in an internal compliance review, ESFBL promptly reported the matter to RBI admitting its lapse and sought its approval for distribution of third party products. The approval was received from RBI vide letter dated December 29, 2017. RBI also levied a monetary penalty of ₹ 10 lakh on ESFBL for the aforesaid omission to obtain prior RBI approval.

Extract of Annual Return

The Extract of Annual Return as required under the Act is enclosed as **Annexure – III**.

Dividend Distribution Policy

The Dividend Distribution Policy of the Company is available on our website <https://www.equitas.in/polices.php>

Depository System

As the Members are aware, the Company's equity shares are tradable in electronic form. As on March 31, 2018, out of the Company's total equity paid-up share capital comprising of 34,04,29,976 equity shares, only 2,04,331 equity shares were in physical form and the remaining shares were 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 themselves of the facility of dematerialization.

Acknowledgement

The Directors thank the investors and customers for reposing confidence in Equitas. The Directors similarly express gratitude for the assistance and co-operation extended by RBI, SEBI, Stock Exchanges, Depositories and other statutory authorities. Your Directors record with sincere appreciation, the valuable contribution made by employees at all levels and look forward to their continued commitment to achieve further growth and take up more challenges to achieve the Mission and Vision of the Organisation.

For and on behalf of the Board of Directors

Bhaskar S
ED & CEO
Chennai

Rangachary N
Chairman
Bengaluru

April 27, 2018

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 the Company is available on our website <https://www.equitas.in/pdf/EHL-CSR-Policy.pdf>

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

2. The Composition of the CSR Committee as on March 31, 2018:

- a) Mr Arun Ramanathan, Chairman & Independent Director
- b) Ms Jayshree Ashwinkumar Vyas, Independent Director
- c) Mr Rajaraman P V, Independent Director and
- d) Mr Yogesh Chand Nanda, Independent Director

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

Particulars	₹ in lakh
Profit - 2016-17	768.25
Profit - 2015-16	391.06
Profit - 2014-15	422.33
Average Profit for CSR purpose	527.21
2% of average Profit for last three years *	11.00

* Prescribed CSR Expenditure

4. Details of CSR contribution made by the Company to EDIT during FY 2017-18:

Particulars	₹ in lakh
CSR contribution made during the year	20.00
TOTAL	20.00

The entire sum contributed was productively spent.

5. Details of Expenditure

(₹ in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity identified	Sector	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 2017-18)	Amount spent : Direct or through implementing agency
1	Providing support to Seven Matriculation schools set up by Equitas and run by Equitas Development Initiatives Trust (EDIT) for students from socially and economically weaker sections of the society.	Education	Seven schools in Tamil Nadu located at Karur, Trichy, Salem, Coimbatore, Dindigul, Cuddalore and Kumbakonam	20.00	20.00	20.00	Through implementing agency – EDIT, a public charitable trust
	TOTAL			20.00	20.00	20.00	

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
ED & CEO

Arun Ramanathan
(Chairman – CSR Committee)

Place: Chennai
Date : April 27, 2018

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31st March, 2018**

[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: L65100TN2007PLC064069
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, 2018 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, 2018 according to the provisions of:

- (i) 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 there under to the extent applicable.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; (was not applicable to the Company during the period under review)
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (was not applicable to the Company during the period under review);
 - (i) 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-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
- (c) Core Investment Companies (Reserve Bank) Directions, 2016

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.

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

- (i) Secretarial Standards 1 and 2 (including Revised) 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 taken unanimously at the Board meeting and with requisite majority at the Annual General Meeting. There was no Extra- ordinary General Meeting convened during the period under review.

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 had obtained consent from the shareholders for restricting the total foreign investment in the Company to such percentage as the Board of directors may decide from time to time, not exceeding 48% of the paid up equity capital of the company and for increasing the total shareholding limit of Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI) in the equity share capital to an aggregate limit of 48% from 24% of paid up equity share capital. However, Reserve Bank of India approval is awaited.

Place: Chennai
Date: 04.04.2018

Name of Company Secretary in practice: Dr. B Ravi
FCS No.: 1810 CP No.: 3318
MANAGING PARTNER
B RAVI & ASSOCIATES
Firm Registration Number: P2016TN052400

The Members,
EQUITAS HOLDINGS LIMITED
CIN: L65100TN2007PLC064069
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 : 04.04.2018

Name of Company Secretary in practice: Dr. B Ravi
FCS No.: 1810 CP No.: 3318
MANAGING PARTNER
B RAVI & ASSOCIATES
Firm Registration Number: P2016TN052400

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

(As on March 31, 2018)

(forming part of the Directors' Report for FY 2017-18)

*Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management & Administration) Rules, 2014*

I. REGISTRATION AND OTHER DETAILS

1	CIN	L65100TN2007PLC064069
2	Registration Date	22.06.2007
3	Name of the Company	EQUITAS HOLDINGS LIMITED
4	Category/Sub-category of the Company	Company Limited by shares
5	Registered Office Address	410A, 4 th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai, Chennai - 600 002
6	Contact Details	Tel : +91 44 4299 5000 ; Fax : +91 44 4299 5050 Email : secretarial@equitas.in Website : https://www.equitas.in
7	Whether listed Company	Yes
8	Name & Address of Registrar & Transfer Agent	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032
9	Phone	+91 40 6716 2222
10	Email	rajitha.cholleti@karvy.com
11	Contact person	Ms Rajitha Cholletti

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

III. 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 4 th Floor, Phase II, Spencer Plaza, No.769, Mount Road, Anna Salai, Chennai – 600 002	U65191TN1993PLC025280	Subsidiary	100.00	2(87)
2	Equitas Technologies Private Limited 601, 6 th Floor, Phase I, Spencer Plaza, No 769, Anna Salai, Mount Road, Chennai - 600 002	U72900TN2015PTC102697	Subsidiary	99.52	2(87)

IV) 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 beginning of the year				No. of Shares held at the end of the year				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS: Nil (The Company is professionally managed and has no identifiable promoters)									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. PUBLIC									
1. Institutions									
a) Mutual Funds	9,35,71,208	0	9,35,71,208	27.70	12,74,35,710	0	12,74,35,710	37.43	9.73
b) Banks / Financial Institutions	68,76,691	0	68,76,691	2.04	68,86,049	0	68,86,049	2.02	(0.02%)
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FII/FPIs	3,26,05,228	0	3,26,05,228	9.65	5,95,27,026	0	5,95,27,026	17.49	7.84
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others-Alternate Investment Funds	93,67,914	0	93,67,914	2.77	1,56,93,855	0	1,56,93,855	4.61	1.84
Sub-total (B)(1):-	14,24,21,041	0	14,24,21,041	42.16	20,95,42,640	0	20,95,42,640	61.55	19.39

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	2,57,04,826	0	2,57,04,826	7.61	1,77,63,173	0	1,77,63,173	5.22	(2.39)
ii) Overseas	11,78,12,768	0	11,78,12,768	34.89	5,68,34,577	0	5,68,34,577	16.69	(18.20)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,86,30,467	4,97,059	2,91,27,526	8.62	3,05,63,688	1,44,331	3,07,08,019	9.02	0.40
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,33,86,019	42,63,000	1,76,49,019	5.22	2,15,43,523	60,000	2,16,03,523	6.35	1.13
c) Others									
Foreign Nationals	2,348	0	2,348	0.00	0	0	0	0.00	0.00
NRI Individuals	3,33,578	0	3,33,578	0.10	1,20,970	0	1,20,970	0.04	(0.06)
NRI - Non Repatriation	79,480	0	79,480	0.02	1,04,088	0	1,04,088	0.03	0.01
Trusts	25,94,011	0	25,94,011	0.77	28,51,579	0	28,51,579	0.84	0.07
NBFC	21,385	0	21,385	0.01	22,048	0	22,048	0.01	0.00
Clearing Members	20,67,764	0	20,67,764	0.61	8,79,359	0	8,79,359	0.26	(0.35)
Sub-total (B)(2):-	19,06,32,646	47,60,059	19,53,92,705	57.84	13,06,83,005	2,04,331	13,08,87,336	38.45	(19.39)
Total Public (B)	33,30,53,687	47,60,059	33,78,13,746	100.00	34,02,25,645	2,04,331	34,04,29,976	100.00	0.00
C. Shares held by Custodian for GDRs & ADRs	0.00	0.00	0.00	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	33,30,53,687	47,60,059	33,78,13,746	100.00	34,02,25,645	2,04,331	34,04,29,976	100.00	0.00

(ii) **Shareholding of Promoters:** Nil (The Company is professionally managed and has no identifiable promoters)

(iii) **Change in Promoters' Shareholding (please specify, if there is no change) :** Not Applicable

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

Sl No	Particulars	Date	Reason	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 / end of the year			2,67,91,230	7.94	2,67,91,230	7.87
2	International Finance Corporation						
	At the beginning / end of the year			2,20,59,885	6.53	2,20,59,885	6.48
3	Franklin Templeton Investment Funds						
	At the beginning of the year			85,35,132	2.53		
	Datewise increase/decrease during the year	18.08.2017	Transfer	9,09,614	0.26	94,44,746	2.79
		25.08.2017	Transfer	4,67,746	0.14	99,12,492	2.93
		01.09.2017	Transfer	1,20,914	0.03	1,00,33,406	2.96
		15.09.2017	Transfer	14,59,026	0.43	1,14,92,432	3.39
	At the end of the year					1,14,92,432	3.38
4	Franklin Templeton Mutual Fund A/c. Franklin India Prima Fund						
	At the beginning / end of the year			1,12,53,507	3.33	1,12,53,507	3.31
5	RIMCO India Limited						
	At the beginning of the year			0	0.00		
	Datewise increase/decrease during the year	16.06.2017	Transfer	50,00,000	1.48	50,00,000	1.48
		21.07.2017	Transfer	20,00,000	0.59	70,00,000	2.07
		28.07.2017	Transfer	30,00,000	0.88	1,00,00,000	2.95
	At the end of the year					1,00,00,000	2.94
6	Franklin India Smaller Companies Fund						
	At the beginning of the year			88,87,515	2.63		
	Datewise increase/decrease during the year	26.05.2017	Transfer	2,85,088	0.08	91,72,603	2.71
	At the end of the year					91,72,603	2.69

Sl No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares	No. of Shares	% of total Shares
7	PI Opportunities Fund I						
	At the beginning / end of the year			88,16,883	2.61	88,16,883	2.59
8	Mrs Komala						
	At the beginning of the year			0	0.00		
	Datewise increase/decrease during the year	22.09.2017	Transfer	83,52,999	2.46	83,52,999	2.46
	At the end of the year					83,52,999	2.45
9	SBI Magnum Balanced Fund						
	At the beginning / end of the year			70,00,000	2.07	70,00,000	2.06
10	SBI Magnum Multicap Fund						
	At the beginning of the year			34,00,000	1.01		
	Datewise increase/decrease during the year	23.06.2017	Transfer	(2,39,300)	(0.07)	31,60,700	0.94
		17.11.2017	Transfer	17,64,558	0.52	49,25,258	1.45
		16.02.2018	Transfer	85,000	0.03	50,10,258	1.47
		23.02.2018	Transfer	13,90,000	0.41	64,00,258	1.88
	At the end of the year					64,00,258	1.88

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No	Particulars	Date	Reason	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	Bhaskar S - ED & CEO						
	At the beginning / end of the year			14,05,000	0.42	14,05,000	0.41
2	Vasudevan S - CFO*						
	At the beginning of the year / till date of cessation			10,072	0.00	10,072	0.00
3	Srimathy R - CFO*						
	On the date of appointment			0.00	0.00		
	Datewise increase / decrease during the year	Allotment on 06.09.2017		1,197	0.00	1,197	0.00
	At the end of the year					1,197	0.00
4	Jayashree S Iyer - CS						
	At the beginning / end of the year			9,225	0.00	9,225	0.00

*Mr Vasudevan S ceased to be CFO with effect from close of office hours on July 31, 2017 and Ms Srimathy R was appointed in his place w.e.f August 01, 2017.

V. INDEBTEDNESS

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

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year	N I L			
Change in Indebtedness during the Financial Year	N I L			
Indebtedness at the end of the Financial Year	N I L			

VI. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND KEY MANAGERIAL PERSONNEL:**A. Remuneration of KMP during the Financial Year 2017-18**

Sl. No.	Particulars of Remuneration	ED & CEO	CFO		CS	Total Amount
			Mr. Vasudevan S (until July 31, 2017)	Ms. Srimathy R (from August 1, 2017)		
		(₹ in lakh)	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)
1	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	59.81	16.20	8.81	23.55	108.37
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	0.07	0.00	0.22	0.61
	(c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	1.33	0.00	1.33
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4	Commission					
	- as % of profit	0.00	0.00	0.00	0.00	0.00
	- others	0.00	0.00	0.00	0.00	0.00
5	Others - Contribution to provident fund	2.87	0.78	0.42	1.13	5.20
	Total (A)	63.00	17.05	10.56	24.90	115.51
	Ceiling as per Companies Act, 2013	134.23	NA	NA	NA	

B. Remuneration to Non-Executive Directors

(₹ in lakh)

Sl.No.	Name	Remuneration	Fee for attending Board/ Committee Meetings (excluding GST)	Others	Total
1	Mr Rangachary N	Nil*	2.40	0.00	2.40
2	Mr Arun Ramanathan		5.10	0.00	5.10
3	Ms Jayshree Ashwinkumar Vyas		2.55	0.00	2.55
4	Mr Kuppuswamy P T (since resigned)		2.00	0.00	2.00
5	Mr Raghavan M S (since resigned)		2.25	0.00	2.25
6	Mr Rajaraman P V		6.30	0.00	6.30
7	Mr Viswantha Prasad S		1.50	0.00	1.50
8	Mr Yogesh Chand Nanda		2.90	0.00	2.90
	Total (B)		25.00	0.00	25.00
	Ceiling as per Companies Act, 2013 (1% of profits calculated under Section 198 of the Act) **	9.31			

* The Board of Directors at its Meeting held on April 27, 2018 decided on non-drawal of remuneration by Independent Directors for FY 2017-18

** excludes sitting fees

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding of fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
COMPANY / DIRECTORS / OTHER OFFICERS IN DEFAULT	NIL				

*No penalty was levied on the Company during FY 2017 - 18. However, there has been a monetary penalty levied by RBI on the Company's Subsidiary, Equitas Small Finance Bank Limited. The details of the same are provided in the Directors' Report under Page No. 10

For and on behalf of the Board of Directors

Bhaskar S
ED & CEO
Chennai

Rangachary N
Chairman
Bengaluru

April 27, 2018

Details of remuneration as required 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 to Median Remuneration of Employees	Name of the Director/ Designation	Ratio of remuneration to Median Remuneration of Employees	% increase in remuneration
	Mr Bhaskar S, ED & CEO	6.74 : 1	Nil
	Other Directors (Independent Directors)	The Board of Directors of the Company at its Meeting held on April 27, 2018 decided on non-drawal of remuneration by Independent Directors for FY 2017-18	
(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:		
	ED & CEO	No increase	
	CFO	There was a change in CFO during the Financial Year. Hence comparison of percentage increase is not feasible.	
	CS	11%	
	*excluding the perquisite value arising out of exercise of Employee Stock Options granted by the Company.		
(iii) the percentage increase in the median remuneration of employees in the financial year;	(-) 33%. This is due to change in employee profile.		
(iv) the number of permanent employees on the rolls of the Company as on March 31, 2018	6 (Six)		
(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 7%. There was no increase in the remuneration of managerial personnel viz., ED & CEO.		
(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.

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 March 31 2018 and hence the details of remuneration of all six employees are provided below:

Sl. No.	Name of the Employee	Designation	Educational Qualification	Age (in years)	Experience (in years)	Remuneration during FY 2017-18 (₹ in lakh)	Joining Date	% of Equity shares held	Previous employment and designation
1	Mr Bhaskar S	Executive Director & Chief Executive Officer	B.Sc., ACA	60	35	63.00	1-Nov-14	0.42	CFO, Equitas Micro Finance Limited
2	Ms Jayashree S Iyer	Company Secretary	M.Com., LLB., ACS	52	31	24.90	1-Nov-14	0.00	Company Secretary, Equitas Micro Finance Limited
3	Mr Vasudevan S (till July 31, 2017)	Chief Financial Officer	ACA, ACS, Grad CWA	49	25	17.05	21-Oct-16	0.00	CFO, Equitas Finance Limited
4	Mr Srimathy R (from August 1, 2017)	Chief Financial Officer	ACA	35	8	10.56	1-Aug-17	0.00	AVP - Finance & Accounts, Equitas Small Finance Bank Limited
5	Ms Deepti R	Deputy Manager - Secretarial	B.Com(CS)., ACS	27	4	5.97	1-Jul-16	0.00	Company Secretary, Tamilnadu Petroproducts Limited
6	Mr Srinivasa Prasad C	Deputy Manager - Secretarial	B.Com.	34	11	5.84	14-Jul-16	0.00	Senior Executive (Secretarial), BGR Energy Systems Limited
7	Ms Vidya B A	Senior Officer - Finance	B. Com, MBA	47	23	3.36	1-Dec-14	0.00	Deputy Manager, Jain Jubilant Cars Pvt Ltd

None of the aforesaid employees are employed on contractual basis and none of them are related to any of the Directors of the Company.

For and on behalf of the Board of Directors

Bhaskar S
ED & CEO
Chennai

Rangachary N
Chairman
Bengaluru

April 27, 2018

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 / Bank].

Before we dwell into the financial performance of the Company and the Group, let us take an overview of the Indian Economy and Banking Sector for FY 2017-18.

Business Environment

Indian Economy overview FY 2017-18

Growth

India's GDP grew 7.1 % in FY 2016-17, following 8.2% growth in FY 2015-16. As per the second advance estimates, GDP for FY 2017-18 is estimated at 6.6%. At the sectoral level, agriculture, industry and service sectors are estimated to grow at the rate of 3.0%, 4.8% and 8.3% respectively in FY 2017-18.

Inflation

Average retail inflation dropped to 3.6% in FY 2017-18 from 4.5% in FY 2016-17. CPI inflation which rose to 5.2% in December 2017 primarily led by increase in food inflation [4.9% in December 2017] eased to 4.3% in March 2018, led by softening of food inflation to 3.1% in March 2018. WPI inflation increased moderately from an average 1.8% in FY 2016-17 to an average 2.9% in FY 2017-18.

Banking Deposits and Credit

In FY 2017-18, Bank deposits grew 6.7% as compared to 11.3% in FY 2016-17 [higher growth rate in latter year attributable to Demonetisation effect], while bank credit in FY 2017-18 grew 10.5% as against 5.2% in FY 2016-17.

Fiscal Deficit

The Union Budget 2018-19 was presented on February 1, 2018. As per the revised estimate for FY 2017-18, the fiscal deficit of the Central Government widened to 3.5% of GDP, as against the budget estimate of 3.2%. The fiscal deficit is budgeted to decline to 3.3% of GDP for FY 2018-19.

Monetary Policy

RBI reduced the benchmark repo rate during FY 2017-18 by 25 basis points to 6.00%, which represents a six year low.

Economic Outlook

Indian economy has witnessed significant improvements over the past three years, in the form of lower inflation, benign global commodity prices, improved fiscal deficit, higher Government spend (Centre and State) and improving financial savings.

Going forward, the general view is that the GDP growth is expected to pick up, as many lead indicators – diesel / petrol consumption, air passenger traffic growth, CV / tractor sales etc., are showing signs of recovery. The South West Monsoon forecast for 2018 announced in April 2018 predicts normal rainfall this year, which is expected to have a positive effect on the Indian economy. However, there are a few headwinds in the form of higher global oil and other commodity prices, US FED increasing interest rates, higher 10 year G-Sec yields etc., which could temper the GDP growth.

Banking Sector overview FY 2017-18

Credit & Deposit growth

At the systemic level, the credit growth outpaced the deposit accretion with credit growth for FY 2017-18 at ~10.5%, compared to deposit growth of ~6.7% resulting in an increase in credit-deposit (C/D) ratio to ~75% for FY 2017-18 from 72% for FY 2016-17.

A large part of the credit growth outpacing the deposits in FY 2017-18 is attributable to the base effect of demonetisation in FY 2016-17, which led to deposit growth spiking to 11.3 % for FY 2016-17 against 9.1% for FY 2015-16, while credit growth slowed down to 5.2% for FY 2016-17 against 9.9% for FY 2015-16.

Most of the deposits that came in the form of higher current and savings account deposits [CASA], were expected to runoff post the demonetisation event, but have remained in the banking system, resulting in structurally higher CASA ratio for most banks.

Treasury Operations

The 10-year GOI benchmark yield softened from 6.68% at the beginning of the year to 6.42% in the first quarter as the banks were sitting on excess deposits, while the credit off-take remained muted resulting in good buying interest from Banks. Over the next 9 months, G-sec yields hardened, led by higher credit off-take, concerns on the fiscal slippage, higher inflation expectations, lower GST collections, hitting a peak of 7.78% in March 2018. With the Government's announcement in the last week of March to scale down the borrowing program to ₹ 2.88tn for the April-September period of 2018-19, compared to ₹ 3.72tn it had borrowed in the first half of FY 2017-18, the G-Sec yields corrected sharply to hit a low of 7.33% and closed the year at 7.40%.

Asset quality

FY 2017-18 was marked by continuing stress in asset quality with banks focussed on lending to large corporates reporting substantial spike in NPAs. Accelerated recognition of stress resulted in stressed assets touching ~12% of outstanding advances as of September 20 at a systemic level.

The RBIs notification towards the end of FY 2017-18 removing all existing restructuring schemes is expected to further increase NPA accretion in the banking sector from a near term perspective.

Group's banking transition during FY 2016-17

Equitas Small Finance Bank Limited [ESFBL / 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 Bank, EFL, a wholly owned Subsidiary of EHL, operated as an NBFC. In order to comply with the conditions prescribed in the 'in-principle' approval received from RBI to set-up the SFB, the other two wholly owned subsidiaries of EHL, viz., Equitas Micro Finance Limited [EMFL] and Equitas Housing Finance Limited [EHFL] merged into EFL to form the Bank. The name of EFL was changed to Equitas Small Finance Bank Limited vide a fresh Certificate of Incorporation dated September 2, 2016.

Financial performance – FY 2017-18

Consolidated

₹ Crore

Particulars	FY 2017-18	FY 2016-17
Revenue from Operations	1,786.01	1,527.76
Other Income	1.40	28.79
Total Revenue	1,787.41	1,556.55
Finance costs	673.62	576.01
Operating expenses	890.71	615.00
Provision and Contingencies	171.92	102.91
Total Expenses	1,736.25	1,293.92
Profit before tax & exceptional items	51.16	262.63
Exceptional Item	0.00	11.07
Provision for tax	19.81	92.19
Profit after tax	31.35	159.37

Standalone

₹ Crore

Particulars	FY 2017-18	FY 2016-17
Total Income	13.57	12.35
Operating Expenses	4.66	4.85
Operating Profit	8.91	7.50
Provisions and write-offs	0.49	0.00
Profit before tax	8.42	7.50
Provision for tax	2.99	2.82
Profit after tax	5.43	4.68

The Consolidated financial results for FY 2017-18 includes the following:

- Standalone EHL financials
- Equitas Technologies Private Limited [ETPL], which is in early stage of operations
- ESFBL, which had its first full year operations as a Bank in FY 2017-18

On a Consolidated basis, the Group has achieved a PAT of ₹ 31.35 crore for the year against a PAT of ₹ 159.37 crore for the previous year.

The profitability in FY 2017-18 was mainly impacted due to the write-off of loss assets in the Micro Finance portfolio and the higher levels of operating expenses consequent to the completion of the full-fledged banking operations roll-out during the year, which are described in detail in the following paragraphs.

➤ Micro Finance portfolio collections of the Bank in specific geographies were impacted post demonetisation. In a few States, a large number of micro finance borrowers, misguided by local vested elements about probable loan waivers, defaulted in their repayments. Out of such defaults, the Bank had identified certain loan assets as loss assets and had made full provision for the same during the year. Subsequently these loss assets were written off to the tune of ₹ 142.11 crore. This has significantly impacted the overall profitability of the Bank for the year.

Micro Finance business has overcome the fall-out of demonetisation. The remaining Micro Finance portfolio as of March 31, 2018, including all fresh disbursements undertaken post the demonetisation period, continue to perform well.

➤ The roll-out of the Liabilities branches was completed as of September 2017 increasing the total number of branches to 375. Another 17 Business Correspondents [BCs] led Banking Outlets were also made operational during the year, taking the overall banking outlets to 392. Hence, the financials for the second half of FY 2017-18 has borne the full impact of the operations of these banking outlets. The benefits from these banking outlets in terms of contribution to income and by way of reduction in finance costs is expected to be realised from FY 2018-19 onwards.

➤ The conversion into Bank enabled it to access several fee-based income including selling Bancassurance products, FASTag, Priority Sector Lending Certificate [PSLC] income on trading in PSL advances etc.

Overview of Subsidiaries

I) Equitas Small Finance Bank Limited

Small Finance Bank [SFB] – brief overview

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

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

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

ESFBL's Strategy as a Bank

The strategy of the Bank on the advances 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 segments of the population and provide them strong product offerings delivered seamlessly through physical and digital channels.

Advances - Business Divisions of ESFBL

The following Business Divisions handle the Advances of the Bank. The Business Divisions have been identified on the similarity of the customer profile 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, Agricultural loans, Small Business Loans and Affordable Housing
Emerging Enterprise Banking	Commercial vehicle finance including used vehicles
Business Banking	Business and Working Capital Loans to Micro and Small Enterprises
Outreach Banking	Business Correspondent Channel, offering both liabilities and advances
Corporate Banking	Banking solutions to emerging corporates

The Advances portfolio mix of the Bank enables it to effectively comply with the regulatory conditions applicable to an SFB.

Agri, Micro Enterprise & Inclusive Banking

Micro Finance [MF] and Micro Loan against Property [M-LAP] are products which have been on offer for the last 11 and 6 years' respectively while Agriculture Loan was introduced in FY 2016-17. The Micro Finance Loan ranges from ₹ 13,000 to 35,000 while M-LAP is between ₹ 50,000 and 5 lakh. Agri Loans are based on the size of the land holding of the farmers and starts from ₹ 50,000.

Loans secured against properties, address the credit to Micro and Small Enterprises [MSEs] and other business units to primarily help fund their medium term and other working capital needs. Business Loans addressing the credit needs of micro enterprises was introduced in FY 2017-18 and would continue to be given focus in FY 2018-19.

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

About 90% of the Bank's customers in the above product categories are first time borrowers from formal financial institutions. The Bank undertakes cash flow assessment for such customers who are largely from the informal economy and sets up credit limit for them. Besides this, the Bank also is closely involved with such borrowers, educating them on the basic principles of financial discipline such as the need to maintain formal books of accounts and maintaining a strong credit score.

Emerging Enterprise Banking

Emerging Enterprise Banking deals with segment of customers, who have been drivers of commercial vehicles and who desire to turn owners, by providing them with the capital required to buy their first used commercial vehicle [UCV].

While UCV finance has been on offer by the Bank for the past 7 years, in FY 2017-18, the Bank introduced funding for purchase of new LCVs [Light Commercial Vehicles] as well as funding small and medium sized fleet operators [having ownership of 5+ and 10+ vehicles respectively] for working capital purposes, on the security of their vehicles.

Business Banking

This Division focuses on providing secured and unsecured working capital and term loans to MSEs. The typical turnover of such enterprises range from ₹ 1 to 10 crore and ₹ 10 to 50 Crore respectively. The average loan sizes range normally between ₹ 10 and 200 lakh. This product was introduced after becoming a bank. The Bank offers funded limits currently while non funded limits would be offered, as and when the necessary IT systems are in place. Being an Authorised Dealer Category II license holder, the Bank does not undertake forex or import / export transactions.

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 Banking Outlets, as per the RBI guidelines in this respect and extend banking services in their respective local communities. The BCs would offer both advances and liabilities products of the Bank.

Corporate Banking

Corporate Banking caters to a broad spectrum of industries in the mid-market segment and Financial Institutional Businesses, offering a bouquet of products that includes Fund based products, Fee based services and transaction banking products. The focus will be on solution based selling, delivered through efficient and highly secured technology platforms backed by quality service. The core focus will be to acquire relationships in the targeted space and increase market share over time.

Liability offerings of ESFBL

Since starting the banking operations in September 2016, the Bank has built a strong network of 392 banking outlets and 321 ATMs / Cash Recycler Machines [CRMs] spread across 13 States and 2 Union Territories, as of March 31, 2018. The Bank's major focus is on mass and the mass-affluent segment of the population for mobilising deposits and liability accounts. As of March 31, 2018, the Bank has over 2.7 lakh deposit customers. The Bank has also set up a strong sales team for sourcing liabilities across the various networks of the Bank.

The Bank also offers an array of digital banking services like Internet banking, Mobile Banking, Digital Wallet, FASTag, UPI, Bharat Bill Payment services [BBPS], National Automated Clearing House [NACH] etc., The Bank has also launched Selfe accounts through which customers can open Savings Account online within minutes. Digital banking services and product differentiation would be the key USPs for driving the Bank's Liability business.

The Bank is also distributing Third Party Products like Life Insurance, General Insurance, Health Insurance and Mutual Funds on a non-risk sharing basis. The Bank has also launched digital Wealth Management services where customers can invest in Mutual Funds through 'online' mode.

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 product and service offerings and in supporting the overall banking needs of MSEs.

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 branches in Chennai and Coimbatore and offers services throughout Tamil Nadu.

Wowtruck is a platform that provides technology-based services to freight operators and their customers so that they can enter into mutually beneficial transactions. Services currently provided by Wowtruck include facility to post, accept and track load requirements, facilitation of payments for loads and facilitation of generation of invoices and receipts. Wowtruck's revenue model is to charge customers as well as freight operators for these services.

Operating performance for FY 2017-18 at consolidated level

Deposits

As of March 31, 2018, the consolidated CASA deposits of ₹ 1,634 crore – Current Account balance of ₹ 385 crore and Savings Account balance of ₹ 1,249 crore, while Term Deposits was ₹ 3,085 crore, representing total deposit base of ₹ 4,719 crore.

Deposits as a percentage of total borrowings as of March 31, 2018 stood at 44.5% while CASA stood at 34.6% on total deposits.

Advances

On an overall basis, despite the challenges of the economic environment post demonetisation and GST implementation, the Total Advances [including 'Off-Book'] portfolio of the Bank grew to ₹ 8,238 crore as at March 31, 2018 as against ₹ 7,176 crore as at March 31, 2017, registering a growth of over 14.8%.

Total Advances of Micro Finance as at March 31, 2018 stood at ₹ 2,288 crore as against ₹ 3,293 crore as at March 31, 2017, registering a de-growth of 30.5%.

When demonetisation adversely impacted the outlook of the sector in FY 2016-17, the Bank, in the initial part of FY 2017-18, chose to reduce exposure to Micro Finance portfolio in the face of uncertainty. With the gradual improvement in the ground conditions, Micro Finance disbursements were stepped up in the latter part of the year.

Total Advances of Non-Micro Finance as at March 31, 2018 stood at ₹ 5,950 crore as against ₹ 3,884 crore as at March 31, 2017, registering a growth of 53.2%.

Micro Finance portfolio as of March 31, 2018 stood at 27.7% on the Total Advance portfolio of the Bank as against 45.8% as of March 31, 2017. This reflects the diversity in product offerings in line with the long term strategy of the Bank to de-risk its Advances portfolio and increase its proportion of secured loans.

Gross NPA [on Loan outstanding] and Net NPA [on Loan outstanding] of the Bank stood at 2.72% and 1.44% respectively as at March 2018 as against 3.53% and 1.47% as of March 2017. The reduction in NPA for FY 2017-18 factors the improvement in Non Micro Finance portfolio of the business and also write-off of loss assets in Micro Finance portfolio.

Other Functions – a brief overview

Information Technology [IT]

As part of its banking transition, ESFBL has made significant investments to set up technology platforms which are robust and resilient and capable of supporting the various lines of businesses. ESFBL 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 ESFBL 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, as and when required, 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 & Derivatives Association [FIMMDA] and holds an AD II category license for dealing in Forex.

The Bank's Treasury completed first full year of its operations this year. 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. Keeping in view the hardening yields, Treasury exited from dated securities and shortened the duration by investing in Treasury Bills.

During the year, Bank's Treasury used a mix of instruments like Certificates of Deposit [CDs], Inter Bank Participatory Certificates [IBPCs] and refinance from institutions to reduce funding costs and also issued Priority Sector Lending Certificates [PSLC] to earn fee income.

Risk Management

Managing risk is fundamental to financial services industry, in general and in particular, to banks. It is a basic key to ensure sustained profitability and stability. While risks are assumed after appropriate considerations, some risks may arise due to unintended consequences of internal actions or external events. The Bank views Risk Management as one of its core competencies and tries to ensure that risks are identified, assessed and managed in a timely manner. The Bank's Risk Management framework aligns risk and capital management to business strategies, aimed to protect its financial strength, reputation and ensures support to business activities for adding value to customers while creating sustainable shareholder value.

The Bank has an independent integrated risk management function covering credit risk, market risk, assets liabilities management [ALM] and operational risk, including information security risk functions. The risk function is headed by Chief Risk Officer [CRO], who reports to MD & CEO of the Bank. The Risk Management Committee [RMC] of the Board is responsible for overall governance framework for the risk management of the Bank. The RMC of the Board is supported by various Management level Committees - Management Risk Committee, Asset Liability Committee [ALCO], Credit Risk Management Committee, Information Security Committee etc.,

Compliance

The Bank is committed to adhere to the highest standards of compliance with respect to regulatory matters as well as its internal norms and guidelines. An independent Compliance Function, headed by the Chief Compliance Officer [CCO], has been set up to assist the Bank's Management in designing the compliance framework and risk across the Bank and manage these by framing appropriate policies, procedures, oversight etc. It also provides advisory support by reviewing policies and products rolled out by the Bank and has in place the required framework for transactions monitoring and testing the implementation of the regulations, ensuring right Governance structures and handling the regulatory relationships, including proactively engaging with the Regulators for industry level initiatives.

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. Internal Audit Department undertakes various Audits like Risk Based Internal Audit [RBIA] of the branches, Credit Audit, Revenue Audit, Information System Audit, Thematic Audits and Management Audit of the Head Office Departments of the Bank. Concurrent Audit is being carried out for various areas like Treasury operations, KYC compliance, Payroll, other expenditure etc., based on the risk assessment and regulatory requirements.

Human Resources

The Group's People mission is to nurture and empower employees who demonstrate both honesty and high performance in a fair and transparent environment. The Group ended the year with manpower strength of around 13,550 employees.

The main Subsidiary, ESFBL has made concerted efforts to ensure that the employees' capabilities are developed by providing continual learning experiences on products and processes. Key focus areas for the Bank during the year were strengthening of HR operations and processes, improving the timeliness and quality of hiring for frontline roles, integrating the recruits from other banks into the culture of Equitas, handling the training needs of the new recruits etc., Human Resources team continues to play a pivotal role in ensuring that the Group has a high-performing and engaged workforce equipped to deliver results.

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 the Company.

As per the CSR Policy, contributions up to 5% of net profits in each Financial Year, subject to minimum contribution stipulated under the Companies Act, 2013, are made to EDIT to carry out the CSR initiatives.

The various CSR activities undertaken include: i) running seven schools in Tamil Nadu for children from low income families, ii) skill development of women through training in tailoring & embroidery, doll making, artificial jewellery making, candle making etc., iii) pavement dwellers rehabilitation program [Equitas Birds Nest], iv) placement coordination for unemployed youth of low income communities by networking with employers through job fairs and v) conducting primary health camps through tie-ups with hospitals.

The summary of various CSR activities covered through funding by the Group for FY 2017-18 as well as cumulatively from inception is provided in the following table:

Nature of activity	FY 2017-18	Cumulative
No. of eye-camp participants [A]	2,70,140	20,95,681
- No. of spectacles [free of cost]	7,744	99,246
- No. of cataract operations [free of cost]	1,207	29,157
People covered in other Medical camps [B]	4,11,668	31,68,483
Total [Eye camps + Med. Camps] [A]+[B]	6,81,808	52,64,164
Participants in skill training programs	32,014	480,909
No. of people accessing Health Helpline	1,493	24,294
Placements for Unemployed youth	39,955	1,31,674
Swasth Mahila Health Education	34,621	1,38,866
Equitas Birds Nest [Pavement Dwellers Rehabilitation program]	165	1,358

In addition to the above, the Bank has through its Micro Finance loan programs also supported about 2,700 persons with physical disabilities during FY 2017-18 and cumulatively over 21,700 persons. Of these, around 170 visually challenged persons were supported during the year and cumulatively over 3,800 visually challenged persons have been supported.

Outlook and challenges

The operations of ESFBL would have a major impact on the profitability of the Group. The Bank continuously evaluates its product mix to ensure that the same meets the objective of ensuring maximisation of value to all its stakeholders in a prudent manner. The Bank expects to make 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
ED & CEO
Chennai

Rangachary N
Chairman
Bengaluru

April 27, 2018

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of Equitas Holdings Limited

1. The accompanying Corporate Governance Report prepared by Equitas Holdings Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 1 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. 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.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:

- i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
- ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;
- iii. Obtained and read the Directors Register as on March 31, 2018 and verified that at least one women director was on the Board during the year;
- iv. Obtained and read the minutes of the annual general meeting held on June 30, 2017;
- v. Obtained and read the minutes of the Meetings of Board of Directors and the following committees of the Board of Directors, held from April 1, 2017 to March 31, 2018:
 - (a) Audit and Risk Management committee;
 - (b) Nomination, Remuneration & Governance Committee;
 - (c) Stakeholders Relationship Committee;
 - (d) Corporate Social Responsibility Committee; and
 - (e) IT Strategy Committee.

- vi. Obtained necessary representations and declarations from directors of the Company including the independent directors ; and
- vii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018.

Other matters and Restriction on Use

9. This report 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.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**

Partner

Membership Number: 211107

Place of Signature: Chennai

Date: April 27, 2018

REPORT ON CORPORATE GOVERNANCE

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 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 and fairness while dealing with such 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.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations"].

The Board of Directors met six (6) times during FY 2017-18 viz. May 5, 2017, June 30, 2017, July 28, 2017, October 26, 2017, December 13, 2017 and January 31, 2018. 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 / Directorships held by them as well as their shareholding as on March 31, 2018 are given below:

Meetings & Attendance

Name	No. of Board Meetings during FY 2017-18		Attendance at the last AGM	Board \$		Committee \$\$		No. of equity shares held on March 31, 2018
	Held	Attended		Member-ship	Chairman-ship	Member-ship	Chairman-ship	
INDEPENDENT, NON-EXECUTIVE								
Rangachary N (Chairman)	6	5	Yes	6	3	3	3	Nil
Arun Ramanathan	6	6	Yes	4	2	4	2	Nil
Jayshree Ashwinkumar Vyas	6	4	Yes	3	Nil	3	Nil	Nil
Kuppuswamy P T [#]	3	3	Yes	Not applicable				
Rajaraman P V	6	6	Yes	1	Nil	2	Nil	Nil
Raghavan M S ^{##}	3	3	Not applicable	3	Nil	1	Nil	Nil
Viswanatha Prasad S [*]	3	2	Not applicable	2	Nil	1	1	Nil
Yogesh Chand Nanda	6	4	No	3	Nil	3	Nil	Nil
EXECUTIVE								
Bhaskar S	6	6	Yes	Nil	Nil	Nil	Nil	14,05,000

[§] 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

[#] Resigned from the Board w.e.f. September 27, 2017

^{*} Inducted into the Board w.e.f. October 26, 2017

^{##} Inducted into the Board w.e.f. October 26, 2017 and subsequently resigned on April 27, 2018

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 the familiarisation programme imparted to Independent Directors are available on our website <https://www.equitas.in/pdf/Familiarisation-Programme-for-Independent-Directors.pdf>

Separate Meeting of Independent Directors

During FY 2017-18, the Independent Directors had a separate Meeting on May 5, 2017 without the presence of the Management team and the Non-Independent Directors of the Company. At the said Meeting, Independent Directors of the Company reviewed the performance of Chairman, Non-Independent Directors and Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Management and the Board.

3. COMMITTEES OF THE BOARD

The Board at present has five (5) Committees viz., Audit & Risk Management Committee, Nomination, Remuneration & Governance Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and IT Strategy 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 Committees are placed before the Board.

A. AUDIT & RISK MANAGEMENT COMMITTEE

Composition:

As on March 31, 2018, the Audit & Risk Management Committee comprised of four (4) Independent Directors.

1. Mr Viswanatha Prasad S, Chairman
2. Mr Raghavan M S (since resigned)
3. Mr Rajaraman P V
4. Mr Yogesh Chand Nanda

Meetings & Attendance

The Committee held five (5) Meetings during FY 2017-18 on May 5, 2017, July 28, 2017, October 26, 2017, December 13, 2017 and January 31, 2018.

Name	No. of Meetings	
	Held	Attended
Mr Viswanatha Prasad S, Chairman (Member since October 27, 2017)	2	1
Mr Kuppuswamy P T (Resigned w.e.f. September 27, 2017)	2	2
Mr Raghavan M S (Member from October 27, 2017 and resigned w.e.f. April 27, 2018)	2	2
Mr Rajaraman P V	5	5
Mr Rangachary N (Chairman and Member from September 28, 2017 till October 27, 2017)	1	1
Mr Yogesh Chand Nanda	5	3

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 auditors 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 auditors' report thereon before submission to the Board for approval, with particular reference to:
 - (i) Matters required to be included in the Directors' 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 Workplace; 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

As on March 31, 2018, the Nomination, Remuneration & Governance Committee comprised of four (4) Independent Directors.

1. Mr Rajaraman P V, Chairman
2. Mr Arun Ramanathan
3. Ms Jayshree Ashwinkumar Vyas
4. Mr Viswanatha Prasad S

Meetings & Attendance

The Committee held four (4) Meetings during the year on May 5, 2017, July 28, 2017, October 26, 2017 and January 31, 2018.

Name	No. of Meetings	
	Held	Attended
Mr Rajaraman P V, Chairman	4	4
Mr Arun Ramanathan	4	4
Ms Jayshree Ashwinkumar Vyas	3	2
Mr Viswanatha Prasad S (Member since October 27, 2017)	1	1

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, Chairman 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 Board's 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 available on our website <https://www.equitas.in/pdf/EHLRemunerationPolicy.pdf>. The compensation to the only Executive Director of the Company is within the limits prescribed under the Act. He is not paid any sitting fee for Board / Committee Meetings attended by him.

The policy provides for a remuneration to Non-Executive / Independent Directors not exceeding 1% of the net profits of the Company calculated in accordance with Section 198 of the Act. Where the Non-Executive / Independent Directors are on the Board of the Company as well as in the Subsidiary Company(ies) are paid remuneration either by the Company or Subsidiary Company(ies). However, for FY 2017-18, the Board of Directors of the Company have decided non-drawal of any remuneration by Independent Directors.

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, were paid a sitting fee of ₹ 50,000 for attending every Meeting of the Board and ₹ 25,000 for every Meeting of the Committees. The details of sitting fees paid to Non-Executive / Independent Directors for the year ended March 31, 2018 are as follows:

Name	Sitting fees (in ₹)	
	Board	Committee
Mr Rangachary N	2,00,000	40,000
Mr Arun Ramanathan	2,50,000	2,60,000
Ms Jayshree Ashwinkumar Vyas	1,50,000	1,05,000
Mr Kuppuswamy P T (Resigned w.e.f. September 27, 2017)	1,00,000	1,00,000
Mr Raghavan M S (Resigned w.e.f. April 27, 2018)	1,50,000	75,000
Mr Rajaraman P V	2,50,000	3,80,000
Mr Viswanatha Prasad S (Inducted w.e.f. October 26, 2017)	1,00,000	50,000
Mr Yogesh Chand Nanda	1,75,000	1,15,000

Remuneration of Executive Director & Chief Executive Officer

Remuneration paid to Mr Bhaskar S, Executive Director & Chief Executive Officer (ED & CEO) for FY 2017-18 is as follows:

Sl. No.	Particulars	Amount (₹ in lakh)
1	Salary	59.81
2	Perquisites	0.32
3	Stock Option	Nil
4	Sweat Equity	Nil
5	Commission -as % of profit -others	Nil
6	Others – Employer's Contribution to Provident Fund etc.	2.87
	Total	63.00

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

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition

As on March 31, 2018, the Stakeholders Relationship Committee comprised of two (2) Independent Directors and one (1) Executive Director.

1. Mr Arun Ramanathan, Chairman
2. Mr Rajaraman P V
3. Mr Bhaskar S

Meetings & Attendance

The Committee held four (4) Meetings during the year on May 4, 2017, July 28, 2017, October 26, 2017 and January 31, 2018.

Name	No. of Meetings	
	Held	Attended
Mr Arun Ramanathan , Chairman	4	4
Mr Kuppuswamy P T (Resigned w.e.f. September 27, 2017)	2	2
Mr Rajaraman P V	4	4
Mr Bhaskar S, ED & CEO	3	3

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
 Tel : + 91 44 4299 5000
 Fax : + 91 44 4299 5050
 Email: secretarial@equitas.in

Details of investor complaints received and redressed during FY 2017-18 are as follows:

Particulars	No. of complaints
Pending at the beginning of the year	0
Received during the year	14
Resolved during the year	14
Remaining unresolved at the end of the year	0

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition

As on March 31, 2018, the Corporate Social Responsibility Committee comprised of four (4) Independent Directors.

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

Meetings & Attendance

The Committee held three (3) Meetings during the year on May 05, 2017, July 28, 2017 and January 31, 2018.

Name	No. of Meetings	
	Held	Attended
Mr Arun Ramanathan, Chairman	3	3
Ms Jayshree Ashwinkumar Vyas	3	2
Mr Rajaraman P V	3	3
Mr Yogesh Chand Nanda	3	1

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. IT STRATEGY COMMITTEE

Composition

The IT Strategy Committee was constituted on October 26, 2017. As on March 31, 2018, the Committee comprised of two (2) Independent Directors and one (1) Executive Director.

1. Mr Raghavan M S, Chairman (since resigned)
2. Mr Viswanatha Prasad S
3. Mr Bhaskar S

Meetings & Attendance

The Committee held one (1) Meeting during the year i.e., on March 26, 2018.

Name	No. of Meetings	
	Held	Attended
Mr Raghavan M S, Chairman (Resigned w.e.f. April 27, 2018)	1	1
Mr Viswanatha Prasad S	1	Nil
Mr Bhaskar S	1	1

Terms of reference

- (a) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- (b) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- (c) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- (d) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- (e) Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
- (f) Instituting an appropriate governance mechanism for outsourced processes, if any, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;
- (g) Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;
- (h) Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;
- (i) Periodically reviewing the effectiveness of policies and procedures;
- (j) Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;
- (k) Communicating significant risks in outsourcing to the Board of Directors of the Company on a periodic basis;
- (l) Ensuring an independent review and audit in accordance with approved policies and procedures;
- (m) Ensuring that contingency plans have been developed and tested adequately and
- (n) Any other role/responsibility as regulated by RBI Directions from time to time.

4. ANNUAL GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings ("AGM"):

Year	Date	Time	Location	No. of Special Resolution(s) passed
2017	June 30, 2017	10.15 A.M.	Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G N Chetty Road, T Nagar, Chennai - 600 017	Six
2016	June 22, 2016	11.30 A.M.	Kamarajar Arangam, Teynampet, Chennai - 600 006	Two
2015	June 29, 2015	1.00 P.M.	410A, 4 th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai, Chennai - 600 002	Three

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

There were no resolutions passed through postal ballot during FY 2017-18.

Details of special resolution proposed to be conducted through postal ballot:

As on the date of this report, no special resolution is proposed to be conducted through postal ballot.

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 the Company's website <https://www.equitas.in> under Investors Section.

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 NSE Electronic Application Processing System (NEAPS) and BSE Listing centre. Various compliances as required / prescribed under the SEBI Listing Regulations are filed through these systems.

5.1 GREEN INITIATIVES

Pursuant to the Companies (Accounts) Rules, 2014 and as a measure of promoting Green Initiatives, the Company proposes to send the financial statements for the year ended March 31, 2018 and Notice of 11th Annual General Meeting by electronic mode to the members whose email ids are registered with the Depository Participant(s) / Company for communication purposes. For Members who have not registered their email address, physical copies will be sent in the permitted mode.

Members who have not registered their email ids with the Company are requested to register the same by sending an email to secretarial@equitas.in and also update the same with the Depository Participants.

The Company seeks your support in promoting the Green Initiatives, as it is designed to protect our fragile environment.

6. GENERAL SHAREHOLDER INFORMATION

Date of Annual General Meeting	July 27, 2018
Time	02.45 P.M.
Venue	Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G N Chetty Road, T Nagar, Chennai – 600 017.
Financial year	April 1, 2017 to March 31, 2018 (FY 2017-18)

The name and address of each stock exchange(s) at which the listed entity's securities are listed	<p>BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001</p> <p>National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex (BKC) Bandra (East) Mumbai – 400 051</p>
Confirmation about payment of annual listing fee to each of such stock exchange(s):	Listing fees payable to the stock exchanges for FY 2017-18 have been paid in full.
Stock Code	<p>BSE – 539844</p> <p>NSE – EQUITAS</p>
ISIN	INE988K01017
Book Closure Date	July 21, 2018 to July 27, 2018 [both days inclusive]
Market price data high, low during each month in FY 2017-18	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	<p>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</p>
Share transfer system	99.94% 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 March 31, 2018)	Details are provided in the table below
Dematerialization of shares and liquidity (as on March 31, 2018)	The total shares held in dematerialized form : 99.94%
Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity 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 600002
Tel : +91 44 4299 5000
Fax: + 91 44 4299 5050
Email : secretarial@equitas.in

Market price data - High, Low during each month in FY 2017-18:

Month	BSE		NSE	
	High	Low	High	Low
Apr-17	175.25	162.00	175.45	161.65
May-17	167.00	144.00	166.95	143.85
Jun-17	163.00	147.70	162.30	147.65
Jul-17	173.50	149.75	173.50	149.65
Aug-17	175.90	149.20	175.95	149.95
Sep-17	183.50	151.00	183.60	150.85
Oct-17	157.45	143.50	157.20	143.60
Nov-17	151.25	135.25	151.00	135.10
Dec-17	154.00	133.45	150.90	133.30
Jan-18	166.80	143.70	166.65	143.65
Feb-18	154.00	129.60	154.00	129.30
Mar-18	150.10	136.40	150.30	136.40

Equitas Holdings Ltd. and CNX Nifty

Equitas Holdings Ltd. and S&P BSE Sensex



Shareholding pattern as on March 31, 2018:

Particulars	No. of Shareholders	No. of Shares	% of Shares
Foreign Bodies Corporate	4	5,68,34,577	16.69
Foreign Portfolio Investors	37	5,95,27,026	17.49
Non Resident Indians / Non Resident Indians - Non Repatriable	269	2,25,058	0.07
Mutual Funds	19	12,74,35,710	37.42
Resident Individuals	1,22,025	5,23,11,542	15.37
Bodies Corporates	731	1,77,63,173	5.22
Alternate Investment Fund	8	1,56,93,855	4.61
Banks/Indian Financial Institutions	7	68,86,049	2.02
Others(Trust,NBFC, Clearing Members)	186	37,52,986	1.11
Total	1,23,286	34,04,29,976	100.00

Distribution of equity shareholding as on March 31, 2018:

Category (shares)	No. of shareholders	% of shareholders	No. of shares	% of shares
1-500	1,11,652	90.56	1,46,37,603	4.30
501- 1000	6,390	5.18	50,24,816	1.48
1001- 2000	2,855	2.32	42,34,360	1.24
2001- 3000	822	0.67	21,03,602	0.62
3001- 4000	418	0.34	14,94,433	0.44
4001- 5000	286	0.23	13,57,997	0.40
5001- 10000	424	0.34	30,75,351	0.90
10001 & Above	439	0.36	30,85,01,814	90.62
Total	1,23,286	100.00	34,04,29,976	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 AS - 18, are set out under note to financial statements. The Board has put in place a policy on related party transactions and the same is available on our website <https://www.equitas.in/pdf/EHLPolicyonRelatedPartyTransactions.pdf>. There were no materially significant related party transactions having potential conflict with the interests of the Company, during FY 2017-18.

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 and employees of the Company can report their concerns on unethical and improper behaviour, 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 FY 2017-18, Statutory 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 Chief Executive Officer.

E. Subsidiary Companies

A policy on material Subsidiaries has been formulated and the same is available on our website https://www.equitas.in/pdf/EHL_Policy_Materiality.pdf. The financial statements of Subsidiaries are tabled at the Board Meeting of the Company 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 Designated Persons to seek pre-clearance for dealing in the securities of the Company as per the criteria specified therein and prohibits trading in securities of the Company 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable, with regard to Corporate Governance.

9. ED & CEO / CFO CERTIFICATION

ED & CEO and CFO have given a certificate to the Board as per Regulation 17 of SEBI (LODR) Regulations. The said certificate forms 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 and the same is available on our website <https://www.equitas.in/pdf/CodeofConductforDirectors.pdf> and https://www.equitas.in/pdf/EHL_Code-of-Conduct_Sr-Mgmt.pdf

11. EQUITY SHARES IN THE DEMAT SUSPENSE ACCOUNT

In accordance with the requirement of Regulation 34(3) and Schedule V Part F of SEBI (LODR) Regulations, the Company reports that there are no equity shares lying 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 1, 2017	1	135
Shareholders who approached the Company for transfer of shares from demat suspense account during the year	1	135
Shareholders to whom shares were transferred from the demat suspense account during the year	1	135
Aggregate number of shareholders and the outstanding shares in the demat suspense account of the Company as on March 31, 2018	Nil	Nil

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
ED & CEO
Chennai

Rangachary N
Chairman
Bengaluru

April 27, 2018

I confirm that for the Financial Year ended March 31, 2018, Members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct as applicable to them.

Bhaskar S
ED & CEO

Chennai
April 27, 2018

COMPLIANCE CERTIFICATE**The Board of Directors****Equitas Holdings Limited**

Madam/Dear Sirs,

This is to certify that:

1. we have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended March 31, 2018 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. There have been no deficiencies in the design or operation of such internal controls.
4. there have not been any:
 - a. significant change in internal control over financial reporting during the year;
 - b. significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. instance 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.

Thanking You,

Yours truly,

For **Equitas Holdings Limited**

Bhaskar S
ED & CEO

Srimathy R
CFO

Place: Chennai

Date: April 27, 2018

BUSINESS RESPONSIBILITY REPORT

(Pursuant to Regulation 34 (2)(f) of the SEBI (LODR) 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	L65100TN2007PLC064069
2	Name of the Company	Equitas Holdings Limited
3	Registered address	410A, 4 th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai, Chennai - 600 002
4	Website	https://www.equitas.in
5	Email id	secretarial@equitas.in
6	Financial year reported	2017-18
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 Subsidiaries
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

Sl.No.	Particulars	Details
1	Paid up capital (₹ in lakh)	34,043.00
2	Total turnover (₹ in lakh)	1,357.21
3	Total profit after taxes (₹ in lakh)	543.44
4	Total spending on Corporate Social Responsibility (CSR) as a percentage of Profit After Tax (%)	3.68%
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 are discussed under MD&A Report which forms 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 Business Responsibility (BR) Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company(ies)	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 No.	+ 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.

Sl. 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?	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 are available on our website https://www.equitas.in/polices.php								
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.								

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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 promotes responsible lending and banking practices. It ensures guard against over-leveraging to ensure sustainability, throughout the life cycle of the customer.
- P3 Policy on Prevention of Sexual Harassment and Whistle Blower Policy, endeavours to maintain an organisation-wide environment of care, concern, nurturing and to provide an opportunity to women employees to accomplish their professional aspirations. These Policies can be viewed online at <https://www.equitas.in/polices.php>
- P4 The interests of the marginalised and vulnerable stakeholders are addressed 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 <https://www.equitas.in/polices.php>
- 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 the Company's Subsidiary, ESFBL, are aligned towards this commitment. 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. ESFBL has a Board approved Customer Grievance Redressal Policy for expeditious redressal of customer grievances.

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company (Within 3 months, 3-6 months, Annually, More than 1 year).	The performance on aspects of BR is reviewed by CEO on a periodic 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 forms part of the Annual Report. The same can be viewed at https://www.equitas.in/annual-reports.php

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 throughout their tenure as employees of the organization. It also guides all employees 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 emphasised 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 FY 2017-18 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:

Particulars	No. of complaints received	% of complaints resolved
Customer complaints	5,559	98.50
Investor complaints	14	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 Company's Subsidiary, ESFBL caters 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, Agri Loans, Gold Loans, Business Loans, etc. This way, we are actively involved in financial inclusion. The Bank primarily deals with the financially vulnerable sections of the society and hence it is important to be responsible in lending to 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 to 10 crore. The loan size typically varies between ₹ 10 to 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 mechanism is being utilised in micro finance lending. Similar initiatives are also being implemented in other segments as well.

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. To promote such practices, the Bank has introduced new digital banking products like selfSavings Account, a completely online instant savings deposit account opening experience for customers.

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)? 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.

Many of the financial products offered by the Group are aimed at encouraging entrepreneurship, innovation and capacity building among the financially vulnerable sections of the society. It enables them to scale up business operations. This eventually leads to better economic prospects for local businesses, which are customers of the group. The improved business environment indirectly benefits other local businesses, which are not customers.

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.

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. On this front, we have achieved 56% customer digital penetration, which significantly reduces consumption of paper and other unsustainable resources.

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

1	Total No. of employees	13,537
2	Total No. of employees hired on contractual basis	24
3	No. of permanent women employees	1,361
4	No. 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 CEO and Audit Committee in case of serious grievances or unethical practices. Equitas Group engages with employees through various fora to obtain constructive feedback.
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 at the end of Financial Year

Sl. No.	Category	No. of complaints filed	No. of complaints pending
1	Child labour/ forced labour/ involuntary labour	Nil	N.A.
2	Sexual Harassment	4	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 case 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 imparting functional and technical training to the employees. A development program for Managers titled “Managing Business Through the Sales Team” was conducted across the zones for the Asset and Liability Sales divisions. Extensive training was imparted through the e-learning platform and learning days allocated for the same every month. 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 FY 2017-18 are as follows:

Permanent Employees	54%
Permanent Women Employees	57%
Contractual Employees	22%
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) Customers
- ii) Employees
- 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. These schools provide affordable schooling to students belonging to economically weak backgrounds, with an emphasis on the quality of the education imparted. More than 5,600 students have benefitted from these schools.

EDIT has empowered around half a million women by imparting training in vocational skills such as tailoring, doll making and artificial jewellery making.

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 various medical initiatives and medical camps.

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. A strong commitment to human rights is embedded in the Fair Practices Code as well as Code of Conduct for Employees which lays down acceptable behaviour on various aspects including human rights. All employees who have direct interface to customers including collection staff are trained to be polite and courteous to customers under all circumstances. This code is applicable for all employees, associates, business partners and Group Companies 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.? 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 has embarked its digital footprint across its product offerings and has been a consistent leader across Small Finance Banks and even some of the major big banks. Our focus is to enable customers with ease of access and to transact efficiently & effectively using our variety of Digital offerings, thus reducing the reliance on paper based banking activities. The operations of ETPL are carried out using mobile and web based applications. A number of new initiatives and products are through digital channels.

We have achieved considerable success in this strategy by achieving about 56% digital penetration amongst our customers. We provide a variety of digital offerings - Internet & Mobile banking, Electronic toll collection, Digital Savings account opening, Virtual Debit card, Digital fund transfers etc.

Our efficient operational practices, digital banking 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, 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.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc. 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, online & mobile 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 is pending (i.e. not resolved to satisfaction) as at the 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, 2018.

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? If yes, specify the broad areas (governance and administration, economic reforms, inclusive development policies, energy security, water, food security, sustainable business principles, others)

Through various industry associations and in forums, Equitas has promoted 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 operations of ESFBL are primarily 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 to improve the quality of life of customers by increasing their total household asset value. Customers, who have not been able to access formal financing, are provided transparent and trustworthy access to financing. 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 been able to enhance our association with the financially excluded section of the society. We not only offer credit, which is typically of a short-term nature but also liabilities products like deposits, insurance etc.

Equitas Group also undertakes various activities through Equitas Development Initiatives Trust (EDIT) which support inclusive growth and equitable development. These CSR initiatives include providing high quality affordable education to students belonging to economically weaker sections, providing vocational skills to the unemployed to include them in the formal economy, providing free healthcare etc. Such activities are detailed under the MD & A report, which forms part of the Annual Report.

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

Inclusive growth and equitable development is provided to customers through our banking activities, especially through the financing activities of the Inclusive Banking division and Emerging Enterprise Banking division of the Bank.

CSR programmes are undertaken by Equitas Group, directly as well as through implementing agency, Equitas Development Initiatives Trust, a registered public charitable trust. CSR initiatives carried out by Equitas Group are detailed in the MD & A Report, which 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), in September 2017. The business model of Equitas 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) 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 are 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, on a periodic basis. 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 these 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. Equitas Group is also involved in pavement dwellers uplifting program, called Equitas Bird's Nest (EBN). Through this program, more than 160 platform dwelling families were provided formal housing in FY 2017-18. EBN also conducts health care initiatives, vocational skill training programs, provides educational assistance & scholarships and micro-credit facilitation as required by the rehabilitated families.

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 at the end of Financial Year?

1.5% of the customer complaints are pending as at the end of FY 2017-18. 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 at the 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 a customer service department which takes continuous steps 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

April 27, 2018

Bhaskar S
ED & CEO
Chennai

Rangachary N
Chairman
Bengaluru

INDEPENDENT AUDITOR'S REPORT

To the Members of Equitas Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Equitas Holdings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on 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, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 March 31, 2018, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 2 to this report.
 - (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, 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 financial statements. Refer Note 28 to financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner

Membership Number: 211107

Place of Signature: Chennai

Date: April 27, 2018

Annexure 1 referred to under paragraph 1 of the Report on Other Legal and Regulatory Requirements of the Auditor's Report

Re: Equitas Holdings Limited (the 'Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment's.
- (b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.
- (iii) (a) The Company has granted loans to companies covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment are regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, value added tax, goods and services tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to wealth tax, duty of custom and Duty of excise is not applicable the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income-tax, sales tax, service tax, value added tax, goods and services tax, cess and other material statutory dues applicable were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income tax and cess on account of any dispute as at March 31, 2018 are as follows:

Name of the statute	Nature of dues	Amount Involved (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of Securitisation Income	852.07	AY 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Disallowance of Securitisation Income	188.42	AY 2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Disallowance under Section 14A	26.88	AY 2014-15	Commissioner of Income Tax (Appeals)

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or government or dues to debenture holders during the year
- (ix) According to the information and the explanation given by the management, the Company has not raised any money any money by way of initial public offer/ further public offer /debt instruments and term loans, hence reporting under (ix) of the Order is not applicable to the Company
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner

Membership Number: 211107

Place of Signature: Chennai

Date: April 27, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF EQUITAS HOLDINGS LIMITED

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

To the Members of Equitas Holdings Limited

We have audited the internal financial controls over financial reporting of Equitas Holdings Limited (the "Company") as of March 31, 2018 in conjunction with our audit of the financial 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 financial controls 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. 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 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 Company's internal financial controls over financial reporting 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") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 provide a basis for our audit opinion on the 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, 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 March 31, 2018, 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 S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner

Membership Number: 211107

Place of Signature: Chennai

Date: April 27, 2018

Equitas Holdings Limited

Balance Sheet as at March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	34,043.00	33,781.37
Reserves and Surplus	4	135,436.11	133,728.36
Sub-total		169,479.11	167,509.73
Share application money pending allotment	5	66.67	26.90
Non current liabilities			
Long-Term Provisions	6	13.29	14.32
Sub-total		13.29	14.32
Current liabilities			
Trade payables			
Dues of micro enterprises and small enterprises	7	-	-
Dues of creditors other than micro enterprises and small enterprises	7	20.05	29.87
Other current liabilities	8	88.03	45.76
Short-term provisions	9	72.23	17.40
Sub-total		180.31	93.03
Total		169,739.38	167,643.98
ASSETS			
Non-current assets			
Property, plant and equipment	10	4,811.97	3,943.26
Intangible assets	10	0.66	1.42
Capital work in progress		106.77	10.05
Sub-total		4,919.40	3,954.73
Non-current investments	11	146,685.89	146,185.89
Deferred tax asset (net)	12	26.83	12.13
Long-term loans and advances	13	656.28	12,673.97
Other non-current assets	14	585.00	3,150.00
Sub-total - non-current assets		152,873.40	165,976.72
Current assets			
Cash and bank balances	15	4,661.83	1,340.77
Short-term loans and advances	16	12,171.08	300.00
Other current assets	17	33.07	26.49
Sub-total		16,865.98	1,667.26
Total		169,739.38	167,643.98

The accompanying notes are an integral part of the financial statements

As per our reports of even date

For S.R.Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.:101049W/E300004

per Aniruddh Sankaran

Partner

Membership No. 211107

Place : Chennai

Date : April 27, 2018

For and on behalf of the Board of Directors of

Equitas Holdings Limited

Rangachary N

Chairman

DIN:00054437

Place : Bengaluru

Date : April 27, 2018

Bhaskar S

Executive Director and CEO

DIN:02360919

Place : Chennai

Srimathy R

Chief Financial Officer

Place : Chennai

Date : April 27, 2018

Viswanatha Prasad S

Director

DIN:00574928

Place : Chennai

Jayashree S Iyer

Company Secretary

ACS No.: A11569

Equitas Holdings Limited

Statement of Profit and Loss for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
REVENUE			
Revenue from operations	18	1,357.21	1,229.59
Other income	19	-	5.94
Total revenue		1,357.21	1,235.53
EXPENSES			
Employee benefits expense	20	134.39	131.54
Provisions and write-offs	21	48.68	-
Depreciation and amortisation expense	10	69.73	57.17
Other expenses	22	262.35	296.52
Total expenses		515.15	485.23
Profit before tax		842.06	750.30
Tax expense / (benefit):			
Income tax			
- Current tax		313.31	279.11
- Deferred tax		(14.69)	3.02
Net tax expense		298.62	282.13
Profit after tax		543.44	468.17
Earnings Per equity share of ₹ 10 each fully paid-up	27		
- Basic in ₹		0.16	0.14
- Diluted in ₹		0.16	0.14

The accompanying notes are an integral part of the financial statements

As per our reports of even date

For S.R.Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.:101049W/E300004

per Aniruddh Sankaran

Partner

Membership No. 211107

Place : Chennai

Date : April 27, 2018

For and on behalf of the Board of Directors of
Equitas Holdings Limited

Rangachary N

Chairman

DIN:00054437

Place : Bengaluru

Date : April 27, 2018

Bhaskar S

Executive Director and CEO

DIN:02360919

Place : Chennai

Srimathy R

Chief Financial Officer

Place : Chennai

Date : April 27, 2018

Viswanatha Prasad S

Director

DIN:00574928

Place : Chennai

Jayashree S Iyer

Company Secretary

ACS No.: A11569

Equitas Holdings Limited

Cash Flow Statement for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A. Cash flow from operating activities		
Profit before tax	842.06	750.30
Adjustments for:		
Depreciation and amortisation expense	69.73	57.17
Provision not required written back	-	(2.72)
Provision for standard assets	48.68	-
Loss assets written-off	68.69	-
Interest income	(1,357.21)	(1,137.26)
Operating loss before changes in working capital	(328.05)	(332.51)
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Long-term loans and advances	12,166.58	(12,172.83)
Other current assets	0.24	-
Short-term loans and advances	(11,871.08)	1,057.83
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(9.83)	(46.80)
Long-term provisions	(1.03)	(3.21)
Other current liabilities	(1.76)	(25.50)
Short-term provisions	6.15	(8.25)
Cash flow generated from / (used in) operations	(38.78)	(11,531.27)
Interest income	1,350.38	1,119.97
Gain on sale of current investments - mutual funds	-	92.33
Direct taxes paid	(609.22)	(310.98)
Net cash flow generated from / (used in) operating activities	702.38	(10,629.95)
B. Cash flow from investing activities		
Capital expenditure including capital advances	(843.33)	(740.52)
Proceeds from sale of fixed assets	-	15.43
Redemption / Investment in fixed deposits	(1,085.00)	(1,460.00)
Investments in equity shares of subsidiaries	(500.00)	(61,600.00)
Gain on sale of current investments - mutual funds	-	(92.33)
Bank deposits matured (net)	506.65	200.00
Net cash generated from / (used in) investing activities	(1,921.68)	(63,677.42)

Equitas Holdings Limited

Cash Flow Statement for the year ended March 31, 2018*(All amounts are in lakhs of ₹ unless otherwise stated)*

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
C. Cash flow from financing activities		
Proceeds from fresh issue of equity share capital, including securities premium	1,399.03	73,051.96
Share application money received	66.67	26.90
Share issue expenses	-	(2,160.98)
Net cash generated from financing activities	1,465.70	70,917.88
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)	246.40	(3,389.49)
Cash and cash equivalents at the beginning of the year	105.43	3,494.92
Cash and cash equivalents at the end of the year	351.83	105.43
Notes to cash flow statement:		
(i) The reconciliation to the cash and cash equivalents as given in note 15 is as follows:		
Cash and cash equivalents as per note 15	351.83	105.43
Cash and cash equivalents as at end of the year	351.83	105.43

The accompanying notes are an integral part of the financial statements

As per our reports of even date

For S.R.Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.:101049W/E300004

per Aniruddh Sankaran

Partner

Membership No. 211107

Place : Chennai**Date : April 27, 2018****For and on behalf of the Board of Directors of
Equitas Holdings Limited****Rangachary N**

Chairman

DIN:00054437

Place : Bengaluru**Date : April 27, 2018****Bhaskar S**

Executive Director and CEO

DIN:02360919

Place : Chennai**Srimathy R**

Chief Financial Officer

Place : Chennai**Date : April 27, 2018****Viswanatha Prasad S**

Director

DIN:00574928

Place : Chennai**Jayashree S Iyer**

Company Secretary

ACS No.: A11569

Equitas Holdings Limited

Notes forming part of the Financial Statements for the year ended March 31, 2018

1. Corporate Information

Equitas Holdings Limited ("the Company") was incorporated on June 22, 2007. The Company is a public limited company incorporated under the provisions of Companies Act 1956.

The Company is a non-deposit taking Systemically Important Core Investment Company (CIC-ND-SI) registered with Reserve Bank of India vide certificate no. N-07.00822. The Company is the holding company of its subsidiaries, Equitas Small Finance Bank Limited [ESFBL] and Equitas Technologies Private Limited [ETPL].

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 read with Rule 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules 2016, 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.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current / non-current classification of assets and liabilities.

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 revenue and expenses during the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

2.3 Property, Plant and Equipment [PPE]

Property, plant and equipment, capital work in progress 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 Company 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, in whose case the life of the assets 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.

Equitas Holdings Limited

Notes forming part of the Financial Statements for the year ended March 31, 2018

Asset	Estimated useful life as assessed by the Company	Estimated useful life specified under Schedule II of the Companies Act 2013
Building	50 Years	60 Years
Office Equipment	3 Years	5 Years
Computer Equipment	3 Years	3 years
Furniture and Fixtures	3 Years	10 years
Vehicles	4 Years	8 Years

- Leasehold improvements are depreciated over the primary lease period or over the remaining useful life of the asset, whichever is lower.

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 when the asset is derecognized.

Property, plant and equipment 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.

2.4 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 Company 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 when the asset is derecognized.

2.5 Impairment of assets

The carrying values of assets / cash generating units at the 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.

Equitas Holdings Limited**Notes forming part of the Financial Statements for the year ended March 31, 2018**

When there is indication that an impairment loss recognised for an asset in earlier accounting periods 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.

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 is recognised on a time proportionate basis taking into account the amount outstanding and the applicable interest rate
- b. Dividend income is accounted for when the right to receive it is established.
- c. Profit and loss on sale of current investments is determined on the basis of the weighted average cost method.
- d. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

2.7 Foreign currency transactionsInitial 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.

2.8 Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investment are classified as long term investments.

On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determine on an individual investment basis. Long-term investments are carried at cost. However, provision for diminutions in value is made to recognise a decline other than temporary in the value of investments. Current investments are stated at lower of cost and net realisable value.

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

2.9 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.

Equitas Holdings Limited**Notes forming part of the Financial Statements for the year ended March 31, 2018**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.

2.10 Deferred employee stock option 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 period of the options.

2.11 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 Management in deciding how to allocate resources and in assessing performance.

2.12 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.

2.13 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

Equitas Holdings Limited**Notes forming part of the Financial Statements for the year ended March 31, 2018**

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.

2.14 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.

2.15 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.

2.16 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.

Equitas Holdings Limited

Notes forming part of the financial statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

3 Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
(a) Authorised				
Equity shares of ₹ 10 each	440,000,000	44,000.00	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
	450,000,000	45,000.00	375,000,000	37,500.00
(b) Issued, subscribed and fully paid-up				
Equity shares of ₹ 10 each	340,429,976	34,043.00	337,813,746	33,781.37
	340,429,976	34,043.00	337,813,746	33,781.37

3.1 Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	337,813,746	33,781.38	269,920,367	26,992.04
Exercise of options issued under - employees stock option scheme (Refer note a)	2,616,230	261.62	2,438,834	243.88
Issued through IPO (Refer note b)	-	-	65,454,545	6,545.45
Outstanding at the end of the year	340,429,976	34,043.00	337,813,746	33,781.37

Notes:

- (a) During the year, the Company allotted 2,616,230 (Previous Year 2,438,834) 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)
- (b) During the previous year, the Company had 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.

Equitas Holdings Limited**Notes forming part of the financial statements for the year ended March 31, 2018***(All amounts are in lakhs of ₹ unless otherwise stated)***3.2 Details of shareholders holding more than 5% shares in the company:**

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% of holding	No. of shares	% of holding
Equity Shares of ₹ 10 each				
International Finance Corporation	22,059,885	6.48%	22,059,885	6.53%
CDC Group Plc	26,791,230	7.87%	26,791,230	7.93%
Creation Investments Equitas Holdings LLC	4,124,812	1.21%	17,313,912	5.13%
Credit Access Asia N.V.	-	0.00%	17,566,159	5.20%

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

During the year ended March 31, 2015, the Company had issued 14,74,63,018 bonus equity shares of ₹ 10 each to all the then existing shareholders in the ratio of two equity shares for every one share held. Pursuant to such bonus issue of equity shares, the Company had utilised the amount from the reserves.

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, if any, proposed by the Board of Directors 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 25 with respect to Employee Stock Option Scheme.

Equitas Holdings Limited

Notes forming part of the financial statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

4 Reserves and surplus

Particulars	As at March 31, 2018	As at March 31, 2017
4.1 Securities premium account		
Opening balance	128,072.09	63,970.44
Add: Premium on shares issued during the year (Refer note a under 3.1)	1,164.31	66,262.63
Less: Utilised during the year for share issue expenses (Refer note below)	-	(2,160.98)
Closing balance	129,236.40	128,072.09
Note:		
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
4.2 Statutory reserve (Refer note 30)		
Opening balance	1,300.40	1,206.70
Add: Amount transferred during the year	108.70	93.70
Closing balance	1,409.10	1,300.40
4.3 Surplus in the statement of profit and loss		
Opening balance	4,355.87	3,981.40
Add: Profit for the year	543.44	468.17
Less: Appropriations		
- Transfer to statutory reserve (note 30)	108.70	93.70
Net surplus in the statement of profit and loss	4,790.61	4,355.87
	135,436.11	133,728.36

5 Share application money pending allotment

The Company has received ₹ 66.67 lakh as at March 31, 2018 (As at March 31, 2017: ₹ 26.90 lakh) 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".

6 Long - term provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for gratuity (Refer note 23.2)	13.29	14.32
	13.29	14.32

7 Trade payables (Refer note below)

Particulars	As at March 31, 2018	As at March 31, 2017
Total outstanding dues to micro and small enterprises	-	-
Total outstanding due to creditors other than micro and small enterprises	20.05	29.87
	20.05	29.87

Based on the information available with the company, there are no amounts payable to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as at the Balance Sheet date. This has been determined to the extent such parties have been identified on the basis of information collected by the Management.

Equitas Holdings Limited

Notes forming part of the financial statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

8 Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory dues	6.47	11.73
Accrued expenses	22.87	19.37
Creditors for capital goods	58.69	14.66
	88.03	45.76

9 Short-term provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for compensated absences	20.49	17.40
Provision for gratuity (Refer note 23.2)	3.06	-
Provision for standard assets	48.68	-
	72.23	17.40

Equitas Holdings Limited

Notes forming part of the financial statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

10 Property, plant & equipment and Intangible assets

Particulars	Land-Freehold	Buildings	Computers	Office equipment	Vehicles	Total	Intangible assets - Software
Gross block							
As at April 1, 2016	1,097.25	2,505.78	2.00	0.87	37.80	3,643.70	2.73
Add: Additions	434.60	207.16	0.37	-	7.77	649.90	0.20
Less: Disposals	-	-	-	-	19.75	19.75	-
As at March 31, 2017	1,531.85	2,712.94	2.37	0.87	25.82	4,273.85	2.93
Add: Additions	-	937.55	-	-	-	937.55	0.13
Less: Disposals	-	-	-	-	-	-	-
As at March 31, 2018	1,531.85	3,650.49	2.37	0.87	25.82	5,211.40	3.06
Depreciations / Amortisation							
As at April 1, 2016	-	269.88	0.49	0.39	7.91	278.67	0.58
Add: Charge for the year	-	49.35	0.74	0.22	5.93	56.24	0.93
Less: Disposals	-	-	-	-	4.32	4.32	-
As at March 31, 2017	-	319.23	1.23	0.61	9.52	330.59	1.51
Add: Charge for the year	-	62.73	0.72	0.22	5.17	68.84	0.89
Less: Disposals	-	-	-	-	-	-	-
As at March 31, 2018	-	381.96	1.95	0.83	14.69	399.43	2.40
Net block							
As at March 31, 2018	1,531.85	3,268.53	0.42	0.04	11.13	4,811.97	0.66
As at March 31, 2017	1,531.85	2,393.71	1.14	0.26	16.30	3,943.26	1.42

10.1 Capital work in progress

The Capital Work in Progress as at March 31, 2018 amounting to ₹ 106.77 lakh (As at March 31, 2017: ₹ 10.05 lakh) represents the cost of construction of additional floors at the existing school buildings and new building works, which are in progress as at March 31, 2018.

10.2 Buildings given on operating lease

The Company has constructed buildings in Kumbakonam, 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 at the places mentioned above.

Equitas Holdings Limited

Notes forming part of the financial statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

11 Non-current investments

Particulars	As at March 31, 2018	As at March 31, 2017
Investment in equity shares of subsidiaries (trade & unquoted) - at cost		
1,005,943,363 (As at March 31, 2017 - 1,005,943,363) equity shares of Equitas Small Finance Bank Limited of ₹ 10 each fully paid up	144,685.89	144,685.89
20,000,000 (As at March 31, 2017 - 15,000,000) equity shares of Equitas Technologies Private Limited of ₹ 10 each fully paid up (Refer note 11.1)	2,000.00	1,500.00
	146,685.89	146,185.89
Note		
Aggregate Cost of Unquoted Investments (Cost)	146,685.89	146,185.89
Aggregate Cost of Unquoted Investments (Net of Provision for diminution)	146,685.89	146,185.89

11.1 Investment in Equitas Technologies Private Limited

Equitas Technologies Private Limited, subsidiary of the Company, is in the business of providing a common market place for facilitating goods transportation. Due to accumulated losses of ₹1,580.65 lakh as at March 31, 2018, ETPL's net worth is eroded by 78.65% (Previous year - 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 considered necessary as at March 31, 2018.

12 Deferred tax assets

The Deferred tax asset of ₹ 26.83 lakh as at March 31, 2018 has arisen on account of the following:

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax assets		
On difference between book balance and tax balance of Fixed Assets	1.92	1.16
On provision for standard assets	14.18	-
On provision for employee benefits and compensated absences	10.73	10.97
Deferred tax assets	26.83	12.13

13 Long-term loans and advances - Unsecured, considered good

Particulars	As at March 31, 2018	As at March 31, 2017
Capital advances	-	147.02
Security deposits	12.74	9.32
Loans and advances to related parties (Refer note 24)	-	12,170.00
Advance tax - (Net of tax provisions ₹ 1,169.53 lakh (As at March 31, 2017 ₹ 856.22 lakh))	643.54	347.63
	656.28	12,673.97

14 Other non-current assets

Particulars	As at March 31, 2018	As at March 31, 2017
In deposits accounts (having remaining maturity more than 12 months) (Refer note 15)	585.00	3,150.00
	585.00	3,150.00

Equitas Holdings Limited

Notes forming part of the financial statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

15 Cash and bank balances

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents:		
Balances with bank		
- In current accounts	351.83	65.43
- In deposits accounts - free of lien (original maturity less than 3 months)	-	40.00
Other bank balances		
- In deposits accounts - free of lien (remaining maturity less than 12 months)	3,960.00	310.00
- In deposits accounts - free of lien (remaining maturity more than 12 months)	585.00	3,150.00
- In deposits accounts - under lien (Refer note (b) below)	350.00	925.34
Less: Amount disclosed under non-current assets (Refer note 14)	(585.00)	(3,150.00)
	4,661.83	1,340.77
Notes:		
(a) Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	351.83	105.43
(b) Deposits under lien		
For overdraft facilities - Equitas Dhanyakosha India	-	550.00
For overdraft facilities - Equitas Development Initiatives Trust	350.00	-
For issuance of Bank Guarantee to BSE Limited	-	375.34
	350.00	925.34

16 Short-term loans and advances

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Security deposits (Refer note a)	-	300.00
Loans and advances to related parties (Refer note 24)	12,170.00	-
Other advances	1.08	-
	12,171.08	300.00
(a) In the previous year, the Company had given a refundable security deposit of ₹ 300 lakh to BSE Limited in connection with its IPO.		

17 Other current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due		
- on deposits with banks	29.65	22.83
Prepaid expenses	3.42	3.66
	33.07	26.49

Equitas Holdings Limited

Notes forming part of the financial statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

18 Revenue from operations

Particulars	As at March 31, 2018	As at March 31, 2017
Interest income	1,357.21	1,137.26
Income from sale of investments	-	92.33
	1,357.21	1,229.59
Nature of interest income:		
- On Loans	973.60	799.23
- On Fixed deposits	383.61	338.03

19 Other income

Particulars	As at March 31, 2018	As at March 31, 2017
Provision no longer required - written back	-	5.94
	-	5.94

20 Employee benefits expense

Particulars	As at March 31, 2018	As at March 31, 2017
Salaries and employee benefits	127.92	123.76
Contribution to provident and other funds	6.01	6.33
Staff welfare expenses	0.46	1.45
	134.39	131.54

21 Provisions and write-offs

Particulars	As at March 31, 2018	As at March 31, 2017
Provision on standard assets	48.68	-
	48.68	-

22 Other expenses

Particulars	As at March 31, 2018	As at March 31, 2017
Rent	6.31	1.40
Rates and taxes	25.62	36.63
Insurance	6.65	20.61
Repairs and maintenance - others	1.09	5.80
Travelling and conveyance	7.71	7.68
Printing and stationery	0.09	3.02
Advertisement	2.63	3.40
Registrar fee and general meeting expenses	39.53	55.19
Legal and professional charges (Refer note below)	47.12	89.51
Directors' remuneration & sitting fees	30.49	27.51
Corporate Social Responsibility (Refer note 32)	20.00	17.95
Bank charges	0.24	21.91
Communication expenses	5.69	5.05
Loss assets written-off (Refer note 24.2)	68.69	-
Miscellaneous expenses	0.49	0.86
	262.35	296.52
Note:		
Includes payment to auditors:		
As Auditor:		
- Audit fee	8.00	11.50
- Tax audit fee	2.00	1.50
- Limited review	4.00	15.00
- In other capacity:		
- Other services (certification fees)	0.50	24.45
- Reimbursement of expenses	0.52	-
	15.02	52.45

Equitas Holdings Limited

Notes forming part of the financial statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

23 Employee benefits**23.1 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 ₹ 6.01 lakh (for the year ended March 31, 2017: ₹ 6.33 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.

23.2 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	Year Ended March 31, 2018	Year Ended March 31, 2017
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at beginning of the year	14.32	17.53
Current service cost	0.94	4.16
Interest cost	3.43	1.36
Benefits paid	-	-
Actuarial (gains)	(2.34)	(8.73)
Present value of defined benefit obligation at end of the year	16.35	14.32
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	16.35	14.32
Fair value of plan assets	-	-
Net liability recognised in the balance sheet	16.35	14.32
Cost of defined benefit plan for the year		
Current service cost	0.94	4.16
Interest cost	3.43	1.36
Expected return on plan assets	-	-
Net actuarial gains	(2.34)	(8.73)
Net cost recognized in the statement of profit and loss	2.03	(3.21)
Assumptions		
Discount rate (Refer note (a))	7.13%	6.60%
Interest rate (Rate of return on assets)	NA	NA
Future salary increase (Refer note (b))	10.00%	10.00%
Mortality table	Indian Assured Lives	Indian Assured Lives
	(2006 -08)	(2006 -08)
Attrition rate (Refer note (b))	20.00%	20.00%

Equitas Holdings Limited**Notes forming part of the financial statements for the year ended March 31, 2018***(All amounts are in lakhs of ₹ unless otherwise stated)***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	Year Ended March 31, 2018	Year Ended March 31, 2017
Projected Benefit Obligation	16.35	14.32
Fair Value of Plan Assets	-	-
(Deficit) / Surplus	(16.35)	(14.32)
Experience Adjustments on Plan Liabilities - Gains	2.34	8.73
Experience Adjustments on Plan Assets - Loss	-	-

23.3 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	Year Ended March 31, 2018	Year Ended March 31, 2017
Assumptions		
Discount Rate	7.13%	6.60%
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%

Equitas Holdings Limited**Notes forming part of the financial statements for the year ended March 31, 2018***(All amounts are in lakhs of ₹ unless otherwise stated)***24 Related Party Disclosures****24.1 List of related parties and nature of relationship**

Relationship	Name of the party
Subsidiaries	Equitas Small Finance Bank Limited Equitas Technologies Private Limited
Key Management Personnel	S Bhaskar, Executive Director and CEO (w.e.f. October 21, 2016) P.N. Vasudevan, Managing Director (upto July 22, 2016) R Srimathy, Chief Financial Officer (w.e.f. August 1, 2017) S Vasudevan, Chief Financial Officer (w.e.f. October 21, 2016 upto July 31, 2017) Jayashree S Iyer, Company Secretary
Enterprises over which the Company or its Key management personnel is able to exercise significant influence	Equitas Development Initiatives Trust Equitas Dhanyakosha India Equitas Healthcare Foundation (w.e.f. March 13, 2018)

24.2 Transactions with the Related Parties

Particulars	Related Party	Year Ended March 31, 2018	Year Ended March 31, 2017
Income			
Interest on loans to related parties	Equitas Housing Finance Limited	-	24.42
	Equitas Small Finance Bank Limited	973.60	774.81
Interest on deposits placed with related parties	Equitas Small Finance Bank Limited	345.84	129.18
Expenses			
Reimbursement of expenses	Equitas Micro Finance Limited	-	0.77
Contribution for creating Trust	Equitas Healthcare Foundation	0.01	-
Donation	Equitas Development Initiatives Trust	20.00	17.95
Remuneration to Key Managerial Personnel *	S.Bhaskar, Executive Director and CEO - from October 21, 2016 (upto October 20, 2016 as Chief Financial Officer - ₹ 34.93 lakh included)	59.81	59.81
	P.N.Vasudevan, Managing Director (upto July 22, 2016)	-	14.10
	R Srimathy, Chief Financial Officer (from August 1, 2017)	8.81	-
	S.Vasudevan, Chief Financial Officer (from October 21, 2016 to July 31, 2017)	16.20	17.78
	Jayashree S Iyer, Company Secretary	23.55	26.03
* excludes employer's contribution to various funds, non-monetary perquisites and provisions made for gratuity and leave benefits, as these are determined for the Company as a whole (Under the ESOP Scheme 2015, 1,197 shares (previous year - 4,091) were allotted to Key Managerial Personnel)			
Other Transactions			
Deposits placed	Equitas Small Finance Bank Limited	2,756.00	3,560.00
Deposits matured	Equitas Small Finance Bank Limited	1,711.00	60.00
Withdrawals and funds transfer	Equitas Small Finance Bank Limited	6,733.54	922.28
Receipts and interest credits	Equitas Small Finance Bank Limited	7,005.72	982.14

Equitas Holdings Limited

Notes forming part of the financial statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

Particulars	Related Party	Year Ended March 31, 2018	Year Ended March 31, 2017
Loans given	Equitas Housing Finance Limited	-	3,670.00
	Equitas Small Finance Bank Limited	-	14,000.00
Loans recovered	Equitas Housing Finance Limited	-	1,500.00
	Equitas Small Finance Bank Limited	-	4,000.00
Sale of fixed assets	Equitas Small Finance Bank Limited	-	15.42
Loss assets written-off	Equitas Dhanyakosha India	68.69	-
	During the year, the Company's lien marked deposit to the extent of ₹ 68.69 lakh was enforced in respect of the overdraft facilities availed by Equitas Dhanyakosha India from a bank. The amount has been written off considering its recoverability status.		
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	500.00	-
Guarantees revoked	Equitas Housing Finance Limited	-	17,700.00
	Equitas Small Finance Bank Limited	22,300.00	94,000.00
Balance as at Year End			
Loans Outstanding	Equitas Small Finance Bank Limited	12,170.00	12,170.00
Deposits	Equitas Small Finance Bank Limited	4,545.00	3,500.00
Interest Receivable on Deposits	Equitas Small Finance Bank Limited	21.62	7.64
Balances with Current Accounts	Equitas Small Finance Bank Limited	332.04	59.86
Corporate Guarantees	Equitas Small Finance Bank Limited	20,200.00	42,500.00
Deposits under lien given as security for overdraft facilities	Equitas Dhanyakosha India	-	550.00
	Equitas Development Initiatives Trust	350.00	-

Equitas Holdings Limited

Notes forming part of the financial statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

25 Employee Stock Option Scheme

On December 17, 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 Nomination, Remuneration & Governance Committee constituted by the Board of Directors of the Company administers the plan.

During the year ended March 31, 2013, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2012 (ESOP Scheme 2012) effective from November 10, 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 March 31, 2014, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2014 (ESOP Scheme 2014) effective from July 18, 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 March 31, 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 year ended March 31, 2016, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) effective from September 7, 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.

Equitas Holdings Limited
Notes forming part of the financial statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)

As at March 31, 2018, 17,981,734 (As at March 31, 2017 - 26,777,878) (net of forfeitures) options were outstanding, which were granted at various exercise prices. The following are the outstanding options as at March 31, 2018:

ESOP Scheme after transfer	Particulars	Date of Grant	Date of Board Approval	Exercise Price Per Option (₹) post bonus options	Total Options granted	Vesting Period	Method of settlement
ESOP Scheme 2007	Grant 6	26-Apr-10	26-Apr-10	33.34	563,534	30-Jun-11 to 30-Jun-14	Equity
ESOP Scheme 2007	Grant 7	27-Oct-10	27-Oct-10	40.00	1,268,988	31-Dec-11 to 31-Dec-14	Equity
ESOP Scheme 2007	Grant 8	13-May-11	13-May-11	40.00	586,458	30-Jun-12 to 30-Jun-15	Equity
ESOP Scheme 2007	Grant 9	2-Nov-11	2-Nov-11	40.00	594,045	31-Dec-12 to 31-Dec-15	Equity
ESOP Scheme 2007	Grant 10	9-May-12	9-May-12	40.00	605,985	30-Jun-13 to 30-Jun-16	Equity
ESOP Scheme 2007	Grant 11	7-Nov-12	7-Nov-12	40.00	783,306	31-Dec-13 to 31-Dec-16	Equity
ESOP Scheme 2012	Grant 12	4-May-13	4-May-13	40.00	633,150	30-Jun-14 to 30-Jun-17	Equity
ESOP Scheme 2012	Grant 13	15-Nov-13	15-Nov-13	40.00	2,202,225	31-Dec-14 to 31-Dec-17	Equity
ESOP Scheme 2012	Grant 14	9-May-14	9-May-14	43.34	2,934,600	30-Jun-15 to 30-Jun-18	Equity
ESOP Scheme 2014	Grant 15	12-Nov-14	12-Nov-14	55.00	4,051,650	31-Dec-15 to 31-Dec-18	Equity
ESOP Scheme 2014	Grant 16	7-May-15	7-May-15	65.00	2,268,400	30-Jun-16 to 30-Jun-19	Equity
ESOP Scheme 2014	Grant 17	7-Aug-15	7-Aug-15	70.00	2,321,850	31-Dec-16 to 31-Dec-19	Equity
ESOP Scheme 2015	Grant 18	6-Nov-15	6-Nov-15	70.00	4,382,650	31-Dec-16 to 31-Dec-19	Equity
ESOP Scheme 2015	Grant 19	1-Jul-16	1-Jul-16	178.00	7,597,900	01-Jul-17 to 01-Jul-20	Equity
ESOP Scheme 2015	Grant 20	4-Jul-16	4-Jul-16	184.00	838,500	01-Aug-17 to 01-Aug-20	Equity
ESOP Scheme 2015	Grant 21	5-Aug-16	5-Aug-16	173.00	1,840,150	01-Sep-17 to 01-Sep-20	Equity
ESOP Scheme 2015	Grant 22	10-Sep-16	10-Sep-16	182.00	2,007,200	01-Oct-17 to 01-Oct-20	Equity
ESOP Scheme 2015	Grant 23	21-Oct-16	21-Oct-16	183.00	2,038,500	01-Nov-17 to 01-Nov-20	Equity
ESOP Scheme 2015	Grant 24	1-Feb-17	1-Feb-17	165.00	5,063,450	01-Feb-18 to 01-Feb-21	Equity
ESOP Scheme 2015	Grant 25	5-May-17	5-May-17	164.00	2,610,600	05-May-18 to 05-May-21	Equity
ESOP Scheme 2015	Grant 26	16-Aug-17	16-Aug-17	156.00	400,000	16-Aug-18 to 16-Aug-21	Equity
ESOP Scheme 2015	Grant 27	31-Jan-18	31-Jan-18	151.00	137,150	31-Jan-19 to 31-Jan-22	Equity

* The outstanding options under the ESOP Scheme 2012 has been transferred and made available for grant under the new scheme Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) effective from September 7, 2015 approved by the shareholders on June 22, 2016.

Exercise Period: Eligible to exercise the options during the next three years from the date of vesting.

Manner of vesting: In a graded manner over a 4 year period with 30%, 30%, 20% and 20% of the grants vesting in each year commencing from the start date of the first tranche.

Equitas Holdings Limited
Notes forming part of the financial statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)

Particulars	Date of Grant	Outstanding Options as at April 1, 2017	Options granted during the Period	Less: Options Forfeited / Lapsed	Options Exercised	Outstanding options as at March 31, 2018	Vested	Yet to vest
Grant 6	26-Apr-10	51,138	-	9,732	41,406	-	-	-
Grant 7	27-Oct-10	54,039	-	4,625	48,982	432	432	-
Grant 8	13-May-11	58,533	-	5,688	40,159	12,686	12,686	-
Grant 9	2-Nov-11	53,412	-	1,439	35,789	16,184	16,184	-
Grant 10	9-May-12	103,029	-	10,297	55,658	37,074	37,074	-
Grant 11	7-Nov-12	141,370	-	4,953	92,964	43,453	43,453	-
Grant 12	4-May-13	149,587	-	27,191	80,039	42,357	42,357	-
Grant 13	15-Nov-13	637,512	-	92,858	368,291	176,363	176,363	-
Grant 14	9-May-14	1,023,902	-	169,154	375,404	479,344	254,794	224,550
Grant 15	12-Nov-14	1,631,212	-	360,783	413,308	857,121	557,571	299,550
Grant 16	7-May-15	1,204,771	-	297,097	246,505	661,169	267,149	394,020
Grant 17	7-Aug-15	1,775,363	-	245,018	275,097	1,255,248	605,162	650,086
Grant 18	6-Nov-15	2,912,610	-	754,937	541,776	1,615,897	689,097	926,800
Grant 19	1-Jul-16	6,439,050	-	2,155,239	852	4,282,959	1,136,529	3,146,430
Grant 20	4-Jul-16	838,500	-	102,300	-	736,200	221,700	514,500
Grant 21	5-Aug-16	1,548,650	-	598,629	-	950,021	247,921	702,100
Grant 22	10-Sep-16	1,696,000	-	720,036	-	975,964	250,239	725,725
Grant 23	21-Oct-16	1,723,400	-	794,815	-	928,585	236,670	691,915
Grant 24	1-Feb-17	4,735,800	-	2,014,073	-	2,721,727	687,527	2,034,200
Grant 25	5-May-17	-	2,610,600	942,600	-	1,668,000	-	1,668,000
Grant 26	16-Aug-17	-	400,000	-	-	400,000	-	400,000
Grant 27	31-Jan-18	-	137,150	16,200	-	120,950	-	120,950

(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.

Equitas Holdings Limited
Notes forming part of the financial statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)

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

Fair Value of the Option (₹)

Variables	Grant Date	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share at the time of the Option Grant (₹) adjusted after bonus option	1st Stage	2nd Stage	3rd Stage	4th Stage
Grant 6	26-Apr-10	6.50% to 7.25%	3.33 to 5.33 yrs	37% to 40%	-	33.34	6.75	8.34	10.09	12.27
Grant 7	27-Oct-10	7.25% to 7.50%	3.33 to 5.33 yrs	35% to 40%	-	40.00	8.70	10.83	13.06	15.84
Grant 8	13-May-11	7.9% to 8.05%	2.58 to 5.58 yrs	38% to 41%	-	40.00	9.41	11.66	13.79	16.11
Grant 9	2-Nov-11	8.40% to 8.65%	2.58 to 5.58 yrs	38% to 40%	-	40.00	9.34	12.20	14.26	16.19
Grant 10	9-May-12	8.01% to 8.25%	2.58 to 5.58 yrs	39% to 42%	-	40.00	3.28	4.41	6.00	7.25
Grant 11	7-Nov-12	7.89% to 8.00%	2.67 to 5.67 yrs	38% to 42%	-	40.00	3.87	4.84	6.65	7.97
Grant 12	4-May-13	7.12% to 7.23%	2.67 to 5.67 yrs	33% to 37%	-	40.00	2.92	5.07	6.31	7.99
Grant 13	15-Nov-13	8.50% to 8.68%	2.64 to 5.67 yrs	34% to 39%	-	40.00	4.34	7.08	8.53	9.93
Grant 14	9-May-14	8.38% to 8.60%	2.64 to 5.67 yrs	33% to 38%	-	43.34	8.56	11.59	13.38	15.68
Grant 15	12-Nov-14	8.50% to 8.68%	2.64 to 5.67 yrs	35% to 39%	-	55.00	7.80	11.66	14.41	16.50
Grant 16	7-May-15	7.74% to 7.79%	2.67 to 5.67 yrs	33% to 37%	-	65.00	10.46	14.58	18.40	20.67
Grant 17	7-Aug-15	7.69% to 7.89%	2.67 to 5.67 yrs	36% to 39%	-	70.00	16.73	20.61	25.33	27.90
Grant 18	6-Nov-15	7.43% to 7.64%	2.67 to 5.67 yrs	33.80% to 37%	-	70.00	16.00	18.79	23.55	26.87
Grant 19	1-Jul-16	7.03% to 7.34%	2.50 to 5.50 yrs	23.60% to 26%	-	177.70	40.66	53.39	61.83	70.45
Grant 20	4-Jul-16	7.03% to 7.32%	2.58 to 5.58 yrs	23.40% to 26%	-	183.75	42.76	55.99	64.60	73.44
Grant 21	5-Aug-16	6.78% to 7.04%	2.58 to 5.58 yrs	22.80% to 26%	-	172.10	38.63	51.40	59.26	67.35
Grant 22	10-Sep-16	6.71% to 6.91%	2.58 to 5.58 yrs	22% to 25%	-	181.75	40.22	53.26	62.47	70.88
Grant 23	21-Oct-16	6.70% to 7.00%	2.50 to 5.50 yrs	23.10% to 39.20%	-	182.50	40.45	52.49	61.08	87.23
Grant 24	1-Feb-17	6.45% to 6.84%	2.58 to 5.58 yrs	22.20% to 24.70 %	-	164.35	35.88	47.18	55.01	63.46
Grant 25	5-May-17	6.24% to 6.59%	2.56 to 5.66 yrs	19.48% to 22.55%	-	163.55	31.50	40.25	50.31	57.50
Grant 26	16-Aug-17	6.63% to 7.00%	2.58 to 5.58 yrs	20.23% to 23.42%	-	155.75	34.67	44.59	54.48	62.98
Grant 27	31-Jan-18	6.87% to 7.45%	2.50 to 5.51 yrs	18.00% to 21.62%	-	148.35	28.39	37.69	48.24	55.83

Equitas Holdings Limited**Notes forming part of the financial statements for the year ended March 31, 2018***(All amounts are in lakhs of ₹ unless otherwise stated)*

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 March 31, 2018	For the year ended March 31, 2017
Net Profit as per Statement of Profit and Loss (as reported)	543.44	468.17
Add: Stock Based Employee Compensation Expense included in profit before tax	-	-
Less: Stock Based Compensation Expense Determined under Fair Value based Method (Proforma)	(2,228.19)	(2,950.09)
Net (Loss) - Proforma	(1,684.75)	(2,481.92)
Basic Earnings per Share of ₹ 10 each (as reported)	0.16	0.14
Basic Earnings per Share of ₹ 10 each (Proforma)	(0.50)	(0.75)
Diluted Earnings per Share of ₹ 10 each (as reported)	0.16	0.14
Diluted Earnings per Share of ₹ 10 each (Proforma)	(0.49)	(0.73)

Equitas Holdings Limited**Notes forming part of the financial statements for the year ended March 31, 2018**

(All amounts are in lakhs of ₹ unless otherwise stated)

26 Segment information

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

27 Earnings Per Share

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Basic		
Profit after Tax attributable to Equity Shareholders	543.44	468.17
Weighted Average Number of Equity Shares	339,075,142	332,895,663
Earnings Per Share (Basic) - in ₹	0.16	0.14
Face Value Per Share - in ₹	10	10
(b) Diluted		
Profit after Tax attributable to Equity Shareholders	543.44	468.17
Weighted Average Number of Equity Shares for Basic EPS	339,075,142	332,895,663
Add: Effect of Warrants and ESOPs which are Dilutive	3,993,662	7,122,457
Weighted Average Number of Equity Shares for Dilutive EPS	343,068,804	340,018,120
Earnings Per Share (Diluted) - in ₹	0.16	0.14
Face Value Per Share - in ₹	10	10

28 Commitments and Contingencies

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
<u>Claims against the company not acknowledged as debts:</u>		
- Income tax matters	1,067.37	251.47
- Guarantees for loans taken by subsidiaries	20,200.00	42,500.00
- Guarantees to BSE in connection with IPO	-	1,876.68
<u>Commitments:</u>		
- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	62.43	629.27

29 Expenditure in Foreign Currency

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Reimbursement of travel expenses	-	1.45
Professional charges	-	49.95
Total	-	51.40

30 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 to Statutory Reserve an amount of ₹ 108.70 lakh (Previous Year: ₹ 93.70 lakh), out of the Profit after tax for the Year ended March 31, 2018.

Equitas Holdings Limited**Notes forming part of the financial statements for the year ended March 31, 2018***(All amounts are in lakhs of ₹ unless otherwise stated)*

31.1 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 March 31, 2018

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:		
2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] : (a) Secured (b) Unsecured		Amount Outstanding - 12,170.00
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities (i) Lease assets including lease rentals under sundry debtors : (a) Financial lease (b) Operating lease (ii) Stock on hire including hire charges under sundry debtors: (a) Assets on hire (b) Repossessed Assets (iii) Other loans counting towards AFC activities (a) Loans where assets have been repossessed (b) Loans other than (a) above		Amount Outstanding Nil Nil Nil
4	Break-up of Investments : 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) 2. Unquoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify)		Amount Outstanding Nil Nil

Equitas Holdings Limited

Notes forming part of the financial statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

Sl. No.	Particulars	Amount Outstanding
	Long Term investments :	
	1. Quoted :	Nil
	(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	146,685.89
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
5	Borrower group-wise classification of assets financed as in (2) and (3) above :	
	Category	Amount net of provisions
		Secured Unsecured Total
	1. Related Parties **	
	(a) Subsidiaries	- 12,170.00 12,170.00
	(b) Companies in the same group	- - -
	(c) Other related parties other than related parties	- - -
	Total	- 12,170.00 12,170.00
6	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	
	Category	Market Value / Break up or fair value or NAV Book Value (Net of Provisions)
	1. Related Parties **	
	(a) Subsidiaries	146,685.89 146,685.89
	(b) Companies in the same group	
	(c) Other related parties Other than related parties	
	Total	146,685.89 146,685.89
7	Other information	
	Particulars	Amount Outstanding
i)	Gross Non-Performing Assets	Nil
	(a) Related parties	
	(b) Other than related parties	
(ii)	Net Non-Performing Assets	Nil
	(a) Related parties	
	(b) Other than related parties	
(iii)	Assets acquired in satisfaction of debt	Nil

Equitas Holdings Limited**Notes forming part of the financial statements for the year ended March 31, 2018***(All amounts are in lakhs of ₹ unless otherwise stated)*

31.2 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 March 31, 2017

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 :	Nil	Nil
	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)		
	Assets side:		
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		Amount Outstanding
	(i) Lease assets including lease rentals under sundry debtors :		Nil
	(a) Financial lease		
	(b) Operating lease		
	(ii) Stock on hire including hire charges under sundry debtors:		Nil
	(a) Assets on hire		
	(b) Repossessed Assets		
	(iii) Other loans counting towards AFC activities		Nil
	(a) Loans where assets have been repossessed		
	(b) Loans other than (a) above		
4	Break-up of Investments :		Amount Outstanding
	Current Investments :		
	1. Quoted :		Nil
	(i) Shares : (a) Equity		
	(b) Preference		
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others (please specify)		
	2. Unquoted :		Nil
	(i) Shares :		
	(a) Equity		
	(b) Preference		
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others (please specify)		

Equitas Holdings Limited

Notes forming part of the financial statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

Sl. No.	Particulars	Amount Outstanding
	Long Term investments :	
	1. Quoted :	
	(i) Shares : (a) Equity	
	(b) Preference	
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	
	(iv) Government Securities	
	(v) Others (please specify)	
	2. Unquoted :	
	(i) Shares : (a) Equity	146,185.89
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
5	Borrower group-wise classification of assets financed as in (2) and (3) above :	
	Category	Amount net of provisions
		Secured Unsecured Total
	1. Related Parties **	
	(a) Subsidiaries	- 12,170.00 12,170.00
	(b) Companies in the same group	- - -
	(c) Other related parties other than related parties	- - -
	Total	- 12,170.00 12,170.00
6	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	
	Category	Market Value / Break up or fair value or NAV Book Value (Net of Provisions)
	1. Related Parties **	
	(a) Subsidiaries	146,185.89 146,185.89
	(b) Companies in the same group	
	(c) Other related parties Other than related parties	
	Total	146,185.89 146,185.89
7	Other information	
	Particulars	Amount Outstanding
i)	Gross Non-Performing Assets	Nil
	(a) Related parties	
	(b) Other than related parties	
(ii)	Net Non-Performing Assets	Nil
	(a) Related parties	
	(b) Other than related parties	
(iii)	Assets acquired in satisfaction of debt	Nil

Equitas Holdings Limited**Notes forming part of the financial statements for the year ended March 31, 2018***(All amounts are in lakhs of ₹ unless otherwise stated)*

	Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
32	CSR Activities		
	(a) Gross amount required to be spent by the Company during the year	11.00	6.28
		In cash	Yet to be paid in cash
	(b) Amount spent during the year ending on March 31, 2018:		Total
	i) Construction/acquisition of any asset	-	-
	ii) On purposes other than (i) above	20.00	20.00
	b) Amount spent during the year ending on March 31, 2017:		
	i) Construction/acquisition of any asset	-	-
	ii) On purposes other than (i) above	17.95	17.95

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 ₹ 20.00 lakh (Previous Year ₹ 17.95 lakh) to Equitas Development Initiatives Trust for the year ended March 31, 2018 (Refer notes 22 & 24.2).

33 The Board of Directors have reviewed the realisable value of all the assets of the Company (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.

34 Previous Year

The figures of the previous year have been audited by a firm of chartered accountants other than S.R.Batliboi & Associates LLP. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year grouping / classification.

As per our reports of even date

For S.R.Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.:101049W/E300004

per Aniruddh Sankaran

Partner

Membership No. 211107

Place : Chennai

Date : April 27, 2018

**For and on behalf of the Board of Directors of
Equitas Holdings Limited**

Rangachary N

Chairman

DIN:00054437

Place : Bengaluru

Date : April 27, 2018

Bhaskar S

Executive Director and CEO

DIN:02360919

Place : Chennai

Srimathy R

Chief Financial Officer

Place : Chennai

Date : April 27, 2018

Viswanatha Prasad S

Director

DIN:00574928

Place : Chennai

Jayashree S Iyer

Company Secretary

ACS No.: 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"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of 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 requirement of the Companies Act, 2013 ("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 accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014. 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 of the assets of the Group 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 Consolidated 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. While conducting the 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, issued by the Institute of Chartered Accountants of India, as 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 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 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, 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, 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 March 31, 2018, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, 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 purpose 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company, of its subsidiary companies, incorporated in India, none of the directors of the Group's companies, is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company its subsidiary companies (other than Equitas Technologies Private Limited which is exempted from reporting on internal control over financial reporting vide MCA notification no. G.S.R 583 (E) dated June 13, 2017, read with corrigendum dated July 13, 2017), refer to our separate report in "Annexure 1" to this report;
- (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, 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 its consolidated financial position of the Group – Refer Note 34 to the consolidated financial statements;
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 7 and 11 to the consolidated financial statements in respect of such items as it relates to the Group;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner

Membership Number: 211107

Place of Signature: Chennai

Date: April 27, 2018

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF EQUITAS HOLDINGS LIMITED

Report on the Internal Financial Controls 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 Equitas Holdings Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Equitas Holdings Limited (hereinafter referred to as the "EHL" or the "Holding Company") and Equitas Small Finance Bank Limited, a subsidiary company of EHL (together, "Applicable Companies"). EHL's other subsidiary Equitas Technologies Private Limited is exempted from reporting on internal control over financial reporting vide MCA notification no. G.S.R 583 (E) dated June 13, 2017, read with corrigendum dated July 13, 2017.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Applicable Companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. 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 companies' 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Applicable Companies' internal financial controls over financial reporting 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") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, 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 is sufficient and appropriate to provide a basis for our audit opinion on the 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, the Applicable Companies have, maintained 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 March 31, 2018, based on the internal control over financial reporting criteria established by the Holding 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 S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner

Membership Number: 211107

Place of Signature: Chennai

Date: April 27, 2018

Equitas Holdings Limited
Consolidated Balance Sheet as at March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	34,043.00	33,781.37
Reserves and Surplus	4	193,586.12	189,279.00
Sub-total		227,629.12	223,060.37
Minority Interest		2.05	-
Share Application Money Pending Allotment	5	66.67	26.90
Non Current Liabilities			
Long-Term borrowings	6	365,392.65	343,902.51
Long-term provisions	7	5,244.01	5,056.57
Sub-total		370,636.66	348,959.08
Current Liabilities			
Short-term borrowings	8	623,260.22	156,107.39
Trade payables			
Dues of micro enterprises and small enterprises	9	-	-
Dues of creditors other than micro enterprises and small enterprises	9	7,735.52	7,464.63
Other current liabilities	10	107,871.54	196,118.33
Short-term provisions	11	12,283.98	12,603.65
Sub-total		751,151.26	372,294.00
TOTAL		1,349,485.76	944,340.35
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	12	26,195.40	23,994.66
Intangible assets	12	6,626.95	7,348.39
Capital work in progress		221.69	1,536.02
Sub-total		33,044.04	32,879.07
Non-current investments	13	95,721.21	60,242.31
Deferred tax assets (net)	14	6,300.10	4,381.09
Long-term receivables under financing activities	15	442,367.03	292,361.33
Long-term loans and advances	16	5,105.87	6,732.65
Other non-current assets	17	432.56	4,656.43
Sub-total - Non-current assets		582,970.81	401,252.88
Current assets			
Current investments	18	289,972.54	129,351.15
Short-term receivables under financing activities	19	337,646.95	290,529.99
Cash and bank balances	20	119,212.15	106,505.61
Short-term loans and advances	21	5,993.07	4,382.75
Other current assets	22	13,690.24	12,317.97
Sub-total		766,514.95	543,087.47
Total		1,349,485.76	944,340.35

The accompanying notes are an integral part of the consolidated financial statements

As per our reports of even date

For S.R.Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.:101049W/E300004

per Aniruddh Sankaran

Partner

Membership No. 211107

Place : Chennai
Date : April 27, 2018
**For and on behalf of the Board of Directors of
Equitas Holdings Limited**
Rangachary N

Chairman

DIN:00054437

Place : Bengaluru
Date : April 27, 2018
Place : Chennai
Date : April 27, 2018
Bhaskar S

Executive Director and CEO

DIN:02360919

Place : Chennai
Srimathy R

Chief Financial Officer

Viswanatha Prasad S

Director

DIN:00574928

Place : Chennai
Jayashree S Iyer

Company Secretary

ACS No.: A11569

Equitas Holdings Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
REVENUE			
Revenue from operations	23	178,601.08	152,775.65
Other income	24	140.11	2,879.59
Total revenue		178,741.19	155,655.24
EXPENSES			
Employee benefits expense	25	51,999.34	39,608.92
Finance costs	26	67,362.27	57,600.66
Provisions and write-offs	27	17,191.51	10,291.24
Depreciation, amortisation and impairment expense	12	8,913.48	3,747.48
Other expenses	28	28,158.18	18,143.53
Total expenses		173,624.78	129,391.83
Profit before tax and exceptional items		5,116.41	26,263.41
Exceptional items	44	-	1,107.32
Profit before tax		5,116.41	25,156.09
Tax expense (benefit)			
Current tax expense		3,900.16	9,855.09
Deferred tax		(1,919.01)	(635.57)
Net tax expense		1,981.15	9,219.52
Profit after tax		3,135.26	15,936.57
Profit attributable to:			
Owner's equity		3,135.89	15,936.57
Minority interest		(0.63)	-
		3,135.26	15,936.57
Earnings per equity share (Face value of ₹ 10 each fully paid-up)	33		
- Basic (in ₹)		0.92	4.79
- Diluted (in ₹)		0.91	4.69

The accompanying notes are an integral part of the consolidated financial statements

As per our reports of even date

For S.R.Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.:101049W/E300004

per Aniruddh Sankaran

Partner

Membership No. 211107

Place : Chennai
Date : April 27, 2018
For and on behalf of the Board of Directors of
Equitas Holdings Limited
Rangachary N

Chairman

DIN:00054437

Place : Bengaluru
Date : April 27, 2018
Bhaskar S

Executive Director and CEO

DIN:02360919

Place : Chennai
Srimathy R

Chief Financial Officer

Place : Chennai
Date : April 27, 2018
Viswanatha Prasad S

Director

DIN:00574928

Place : Chennai
Jayashree S Iyer

Company Secretary

ACS No.: A11569

Equitas Holdings Limited
Consolidated Cash Flow Statement for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A. Cash flow from operating activities		
Profit before tax	5,116.41	25,156.09
<u>Adjustments for:</u>		
Depreciation, amortisation and impairment expense	8,913.48	3,747.48
Depreciation on government securities	(465.88)	465.88
Amortisation of non current investments	506.58	105.44
Provision for standard receivables under financing activities (net)	535.25	(2,389.06)
Provision for non performing assets under financing activities (net)	(2,058.24)	7,769.78
Floating provision	-	1,900.00
Provision for credit enhancements on assets de-recognised (net)	-	(970.10)
Discount on commercial paper	1,097.38	3,109.33
Loss on sale of repossessed assets	3,211.14	2,426.73
Loss assets written off - loans (net)	15,811.56	958.62
Provision for doubtful advances - staff loan	30.65	-
Provision for doubtful loans and advances / insurance claims (net), including travel advances	25.11	70.25
Provision on over-collateral assets	147.76	129.39
Provision not required written back	-	(5.94)
Loss assets written-off - others	68.73	-
Finance costs	67,362.27	57,600.66
Interest income on deposits with banks / others	(840.44)	(1,881.33)
Interest spread on securitisation / assignment of receivables	(5,566.90)	(15,949.12)
Gain on sale of current investments (net)	976.99	(2,655.03)
Loss / (gain) on sale of fixed assets (net)	15.24	4.09
Operating profit before changes in working capital	94,887.09	79,593.16
<u>Changes in working capital:</u>		
<u>Adjustments for (increase) / decrease in operating assets:</u>		
Long-term and short-term receivables under financing activities	(216,145.36)	(75,870.49)
Long-term loans and advances	(1,419.40)	(3,095.87)
Short-term loans and advances	(2,104.15)	(1,103.19)
Other current assets	(1,307.04)	(5,560.54)
Bilateral assignment and securitisation of assets (net)	(2,573.74)	17,363.00
<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
Long-term and short-term provisions	1,243.01	1,992.25
Trade payables	270.88	3,752.12
Other current liabilities	(68.38)	15,116.54
Cash flow used in operations	(127,217.09)	32,186.98
Interest income on deposits / other loans	948.54	1,920.29
Direct taxes paid (net)	(3,848.77)	(9,686.84)
Net cash flow used in operations	(130,117.32)	24,420.43
B. Cash flow from investing activities		
Capital expenditure including capital advances	(6,108.13)	(31,200.26)
Proceeds from sale of fixed assets	119.94	154.53
Bank Balances not considered as cash and cash equivalents (net)	6,344.39	2,035.22
Acquisition of non current investments	(35,985.48)	(60,327.75)
(Loss) / Gain on sale of current investments (net)	(976.99)	2,655.03
Deposits under lien	(93.54)	45.00
(Investments in) / proceeds from sale of current investments (net)	(160,155.51)	(128,630.19)
Net cash flow (used in) / from investing activities	(196,855.32)	(215,268.42)

Equitas Holdings Limited
Consolidated Cash Flow Statement for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
C. Cash flow from financing activities		
Proceeds from issue of share capital including securities premium	1,399.04	73,051.97
Share application money received	66.67	26.90
Long-term borrowings availed / (repaid) (net)	(60,771.37)	53,370.67
Short-term borrowings taken / (repaid) (net)	466,055.45	128,382.97
Finance costs paid	(64,717.63)	(49,330.45)
Share issue expenses	-	(2,160.98)
Acquisition of interest by non-controlling interest shareholders	9.60	-
Net cash flow from financing activities	342,041.76	203,341.08
Net (decrease) / increase in cash and cash equivalents (A) + (B) + (C)	15,069.12	12,493.09
Cash and cash equivalents at the beginning of the year	99,581.60	87,088.51
Cash and cash equivalents at the end of the year	114,650.72	99,581.60
Notes:		
(i) The reconciliation to the cash and cash equivalents as given in note 20 is as follows:		
Cash and cash equivalents as per note 20	119,212.15	106,505.61
Less: Lien marked deposits	(2,706.93)	(6,773.31)
Less: Deposits free of lien (original maturity more than 3 months)	(1,854.50)	(150.70)
Cash and cash equivalents (as defined in AS 3) as at the end of the year	114,650.72	99,581.60

The accompanying notes are an integral part of the consolidated financial statements

As per our reports of even date

For S.R.Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.:101049W/E300004

For and on behalf of the Board of Directors of
Equitas Holdings Limited
per Aniruddh Sankaran

Partner

Membership No. 211107

Place : Chennai
Date : April 27, 2018
Rangachary N

Chairman

DIN:00054437

Place : Bengaluru
Date : April 27, 2018
Bhaskar S

Executive Director and CEO

DIN:02360919

Place : Chennai
Srimathy R

Chief Financial Officer

Place : Chennai
Date : April 27, 2018
Viswanatha Prasad S

Director

DIN:00574928

Place : Chennai
Jayashree S Iyer

Company Secretary

ACS No.: A11569

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
1. Corporate Information

Equitas Holdings Limited [“the Company” / “EHL”] was incorporated on June 22, 2007. The Company is a public limited company incorporated under the provisions of Companies Act 1956.

The Company is a non-deposit taking Systemically Important Core Investment Company [CIC-ND-SI] registered with Reserve Bank of India vide certificate no. N-07.00822. The Company is the holding company of its subsidiaries, Equitas Small Finance Bank Limited [ESFBL] and Equitas Technologies Private Limited [ETPL].

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 read with Rule 7 of the Companies [Accounts] Rules 2014 and Companies [Accounting Standards] Amendment Rules 2016, and the relevant provisions of the Companies Act, 2013 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 relating to Equitas Holdings Limited [the Company] and its Subsidiaries [hereafter collectively referred to as the “Group”], have been prepared on the following basis:

- 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 material intra-group balances and intra-group transactions resulting in unrealised profits or losses unless cost cannot be recovered, as per Accounting Standard 21 – Consolidated Financial Statements.
- 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. March 31, 2018.
- 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.
- 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.

The financial statements of the following Subsidiary Companies have been considered for consolidation:

Name of the Entity	Relationship	Country of Incorporation	% of holding
Equitas Small Finance Bank Limited [ESFBL] (formerly Equitas Finance Limited)	Subsidiary	India	100.00%
Equitas Technologies Private Limited [ETPL]	Subsidiary	India	99.52%
Equitas Micro Finance Limited [EMFL] [upto September 1, 2016 for FY 2016-17]	Subsidiary	India	100.00%
Equitas Housing Finance Limited [EHFL] [upto September 1, 2016 for FY 2016-17]	Subsidiary	India	100.00%

Equitas Holdings Limited

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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 revenue and expenses during the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

2.4 Property, Plant and Equipment [PPE] and Intangible assets

Property, plant and equipment [PPE], capital work in progress 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 Company	Estimated useful life specified under Schedule II of the Companies Act 2013
Building	50 Years	60 Years
Office Equipment	3 Years	5 Years
Computer Equipment	3 Years	3 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 IT equipment	5 Years	6 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 property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Equitas Holdings Limited

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognised in the Statement of Profit and Loss.

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.

2.5 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 five 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 recognised in the Statement of Profit and Loss when the asset is derecognised.

2.6 Impairment of assets

The carrying values of assets / cash generating units at the Balance Sheet date are reviewed for impairment, if indication of any 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 in earlier accounting periods 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.

2.7 Receivables under Financing Activities

The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India [RBI] for Systemically Important Non-deposit taking Non-Banking Finance Companies [NBFC-ND-SI].

Provision for standard assets is made as per internal estimates, based on past experience, realisation of security, and other relevant factors, on the outstanding amount of Standard Assets for all types of lending subject to minimum provisioning requirements specified by the RBI.

Provision for Non-Performing Assets is made as per the provisioning norms approved by the Board for each type of lending activity subject to the minimum provisioning requirements specified by the RBI.

In case of ESFBL

ESFBL, being a scheduled commercial bank, prudential norms for Income Recognition 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 are followed. The classification and provisioning norms for loans are given below:

Equitas Holdings Limited

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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. Interest on NPAs is transferred to an interest suspense account and not recognised in the Statement of Profit and Loss until received.

ESFBL transfers advances through inter-bank participation with and without risk, which are accounted for in accordance with the RBI guidelines, as follows. In the case of participation with risk, the aggregate amount of participation transferred out of ESFBL is reduced from advances; and participations transferred in to ESFBL are classified under advances. In the case of participation without risk, the aggregate amount of participation issued by ESFBL is classified under borrowings; and where the bank is participating in, the aggregate amount of participation is shown as due from banks under advances.

Provisioning

In accordance with RBI guidelines, ESFBL 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%.

Provision for non-performing advances comprising Sub-standard, Doubtful and Loss Assets is made at a minimum in accordance with the RBI guidelines. 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 nature of product and delinquency levels. Loan loss provisions in respect of non-performing advances are charged to the Statement of Profit and Loss and included under 'provisions and write-offs'.

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 ESFBL 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 'long term provisions'.

ESFBL considers restructured account, if any, as one where if, 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 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 Statement of Profit and Loss 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.

Securitisation transactions and direct assignments

ESFBL 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 ESFBL. The transferred loans and such securitized receivables are de-recognised as and when these are sold [true sale criteria being fully met] and the consideration has been received by the Bank. Gains / losses are recognised only if ESFBL surrenders the rights to the benefits specified in the loan contracts.

Equitas Holdings Limited

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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 recognised in the Statement of Profit and Loss in the period in which the sale occurs.

2.8 Revenue recognition

Revenue is recognised 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 is recognised on a time proportionate basis taking into account the amount outstanding and the applicable interest rate. Income on Non-performing Assets is recognized upon realisation as per RBI norms.
- b. Dividend income is accounted for, when the right to receive the same is established.
- c. All other income is recognised on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

In case of ESFBL:

- d. 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 recognised upon realisation as per RBI norms.
- e. Fee and Commission income are recognised as income when due, except in cases where the Bank is uncertain of its ultimate collection.
- f. 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 recognised 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.
- g. 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 Statement of Profit and Loss immediately
- h. 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 recognised in the Statement of Profit and Loss.

In case of ETPL:

- i. Freight income as well as Transaction Fees on freight is recognised upon delivery of the transported goods on accrual basis. Activation charges for registering transporters / goods suppliers is recognised on accrual basis.

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

Treatment of Exchange Differences

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.

2.10 Investments

In case of the Company and ETPL

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investment are classified as long term investments.

Equitas Holdings Limited

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determine on an individual investment basis. Long-term investments are carried at cost. However, provision for diminutions in value is made to recognise a decline other than temporary in the value of investments. Current investments are stated at lower of cost and net realisable value.

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

In 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 ESFBL 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 Financial Benchmark India Pvt. Ltd. [FBIL], based on RBI circular dated March 31,

Equitas Holdings Limited

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

2018. The Bank was using prices declared by Primary Dealers Association of India ['PDAI'] jointly with Fixed Income Money Market and Derivative Association ['FIMMDA'] till the previous year.

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 FBIL.

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 FBIL.

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 FBIL 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 FBIL 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.

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 Statement of Profit and Loss. The net appreciation, if any, in the six groups is not recognised except to the extent of depreciation already provided. 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 Statement of Profit and Loss until received.

Repo and reverse repo transactions:

In accordance with RBI Circular, Repurchase [Repo] and Reverse Repurchase [Reverse Repo] transactions [including transactions under Liquid Adjustment Facility [LAF] and Marginal Standing Facility [MSF]] with RBI are accounted for as borrowings and lendings, as the case may be. Accordingly, amounts outstanding in Repo and Reverse Repo account as at the Balance Sheet date is shown as part of Borrowings and Money at Call and at Short Notice respectively and the accrued expenditure and income till the Balance Sheet date is recognised in the Statement of Profit and Loss.

Disposal of investments:

Profit / Loss on sale of investments under AFS and HFT categories are recognised in the Statement of Profit and Loss.

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.

2.11 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-

Equitas Holdings Limited**Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018**

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.

2.12 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.

2.13 Borrowing costs

Borrowing costs include interest, ancillary costs that the Group incurs in connection 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.

2.14 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'.

2.15 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.

2.16 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.

Equitas Holdings Limited**Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018**

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 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.

2.18 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.

2.19 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.

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
3 Share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
(a) Authorised				
Equity shares of ₹ 10 each	440,000,000	44,000.00	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
	450,000,000	45,000.00	375,000,000	37,500.00
(b) Issued, subscribed and fully paid-up				
Equity shares of ₹ 10 each	340,429,976	34,043.00	337,813,746	33,781.37
	340,429,976	34,043.00	337,813,746	33,781.37

3.1 Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	337,813,746	33,781.38	269,920,367	26,992.04
Exercise of options issued under - employees stock option scheme (Refer note a)	2,616,230	261.62	2,438,834	243.88
Issued through Initial Public Offer (IPO) [Refer note b]	-	-	65,454,545	6,545.45
Outstanding at the end of the year	340,429,976	34,043.00	337,813,746	33,781.37

Notes:

- (a) During the year, the Company allotted 2,616,230 (Previous Year 2,438,834) Equity Shares of ₹ 10 each of the company to eligible employees pursuant to exercise of options under the Employee Stock Options Scheme at applicable premium.
- (b) During the previous year, the Company had 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.

3.2 Details of shareholders holding more than 5% shares in the company:

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% of holding	No. of shares	% of holding
Equity Shares of ₹ 10 each				
International Finance Corporation	22,059,885	6.53%	22,059,885	6.53%
CDC Group Plc	26,791,230	7.93%	26,791,230	7.93%
Creation Investments Equitas Holdings LLC	4,124,812	1.22%	17,313,912	5.13%
Credit Access Asia N.V.	-	-	17,566,159	5.20%

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

During the year ended March 31, 2015, the Company had issued 14,74,63,018 bonus equity shares of ₹ 10 each to all the then shareholders in the ratio of two equity shares for every one share held. Pursuant to such bonus issue of equity shares, the Company had utilised the amount from the reserves.

3.4 Disclosure of rights

The Company has issued 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. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

3.5 Shares reserved for issuance

Refer note 30 with respect to Employee Stock Option Scheme.

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
4 Reserves and surplus

Particulars	As at March 31, 2018	As at March 31, 2017
4.1 Securities premium account		
Opening balance	128,072.09	63,970.44
Add: Premium on shares issued during the year (Refer note a under 3.1)	1,164.31	66,262.63
Less: Utilised during the year for share issue expenses (Refer note below)	-	(2,160.98)
Closing balance	129,236.40	128,072.09
Note:		
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
4.2 Statutory reserve [Refer note 42]		
Opening balance	12,916.24	9,103.68
Add: Amount transferred during the year from surplus	904.48	3,812.56
Less: Utilisation during the Year	-	-
Closing balance	13,820.72	12,916.24
4.3 Special reserve account u/s 36(1)(viii) of Income Tax Act, 1961 [Refer note 42]		
Opening balance	259.44	57.50
Add: Additions	66.52	201.94
Closing balance	325.96	259.44
4.4 General reserve		
Opening balance	2,489.41	391.86
Add: Additions	-	2,097.55
Closing balance	2,489.41	2,489.41
4.5 Investment reserve [Refer note 43]		
Opening balance	-	-
Add: Additions	230.00	-
Closing balance	230.00	-
4.6 Surplus in the statement of profit and loss		
Opening balance	45,541.82	33,619.75
Add: Loss attributable to minority	(6.92)	
Add: Profit for the year	3,135.26	15,936.57
Add: Loss attributable to minority	(0.63)	
Less: Appropriations		
- Transfer to Statutory reserve	904.48	3,812.56
- Transfer to Special reserve	66.52	201.94
- Transfer to Investment reserve	230.00	-
Net surplus in the statement of Profit and Loss	47,483.63	45,541.82
	193,586.12	189,279.00

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
5 Share application money pending allotment

The Company has received ₹ 66.67 lakh as at March 31, 2018 (As at 31 March 2017: ₹ 26.90 lakh) 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".

6 Long - term borrowings

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Redeemable non-convertible debentures - [Refer note 6.1]		
- Secured	26,000.00	33,500.00
- Unsecured	167,000.00	137,000.00
(b) Term loans - secured - [Refer note 6.2]		
- From banks	-	-
- From other parties	14,873.11	22,785.87
(c) Term loans - unsecured [Refer note 6.3]		
- From banks	-	25,000.00
- From other parties	94,900.00	51,655.00
(d) Deposits from others - unsecured	62,619.54	73,961.64
	365,392.65	343,902.51

6.1 Details of debentures issued by the group

- The Secured Redeemable Non-Convertible Debentures are secured by hypothecation of specified Receivables under Financing Activities.
- The Group has not defaulted in the repayment of dues to Debenture holders.
- The rate of interest for Secured Redeemable Non-Convertible Debentures range from 11.19% to 12.67% p.a. with maturity tenor from 1,742 days to 1,827 days and have a repayment schedule ranging from 3 instalments to bullet.
- The rate of interest for Unsecured Redeemable Non-Convertible Debentures range from 10.15% to 16.00% p.a. with maturity tenor from 1,094 days to 2,922 days and have a bullet repayment schedule.

6.2 Details of term loans from banks and other parties - secured

- The loans are secured by hypothecation of specified receivables under financing activities and lien on specified fixed deposits with banks and deposits.
- The Group has not defaulted in the repayment of dues to banks and other parties.
- The rate of interest range from 7.90% to 12.00% p.a. with maturity tenor from 1,044 days to 3,563 days.

6.3 Details of term loans from banks and other parties - unsecured

- The rate of interest range from 8.00% to 13.00% p.a. with maturity tenor from 730 days to 1,989 days.

6.4 Deposits from others - unsecured

Deposits in the nature of savings, current are repayable on demand and term deposits are collected with minimum maturity of 7 days. No interest is payable on current deposits that are payable on demand. Savings banks deposits that are payable on demand have interest in the range of 6% to 6.50% p.a. Term deposits have varied tenor and interest rates range between 5.00% and 10.00% p.a.

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
7 Long-term provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Provision - employee benefits		
- Provision for gratuity [Refer note 29.2]	15.43	20.02
Provision - others [Refer note 36]		
- Provision for standard receivables under financing activities	1,183.34	1,112.51
- Provision for non performing assets under financing activities	1,866.90	1,894.65
- Provision for staff loans	1.19	-
- Floating provision [Refer note 45]	1,900.00	1,900.00
- Provision for over collateral on securitised portfolio	277.15	129.39
	5,244.01	5,056.57

8 Short-term borrowings

Particulars	As at March 31, 2018	As at March 31, 2017
Secured		
- Borrowings from RBI	79,000.00	-
- Others	36,760.45	-
Unsecured		
- Commercial paper	-	41,500.00
- Call Money	15,000.00	-
Deposits	492,499.77	114,607.39
	623,260.22	156,107.39

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.

9 Trade payables

Particulars	As at March 31, 2018	As at March 31, 2017
Dues of micro enterprises and small enterprises	-	-
Dues of creditors other than micro enterprises and small enterprises	7,735.52	7,464.63
	7,735.52	7,464.63

Based on the information available with the Group, there are no amounts payable to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as at the Balance Sheet date. This has been determined to the extent such parties have been identified on the basis of information collected by the Management.

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
10 Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings:		
Redeemable non-convertible debentures - secured [Refer note 10.1]	7,500.00	39,824.56
Redeemable non-convertible debentures - unsecured	-	30,000.00
Term loans - secured - [Refer note 10.1]		
- From banks	-	14,464.29
- From other parties	7,762.24	16,609.89
Term loans - unsecured [Refer note 10.1]		
- From banks	-	20,000.00
- From other parties	56,755.00	33,380.00
Creditors for capital goods	58.69	10.87
Advance instalments from borrowers	2,073.71	3,171.61
Interest accrued but not due on borrowings	13,799.70	12,668.05
Interest accrued but not due on deposits	3,060.10	1,547.11
Discount accrued and payable on CBLO borrowings	25.90	-
Statutory dues	934.98	743.78
Employee related payments	2,680.71	1,848.54
Rent equalisation	1,370.05	763.57
Amount payable to special purpose vehicle for assets de-recognised	1,731.95	10,341.32
Others	10,118.51	10,744.74
	107,871.54	196,118.33

10.1 Details of term loans from banks and other parties - secured

- The loans are secured by hypothecation of specified receivables under financing activities and lien on specified fixed deposits with banks and deposits.
- The Group has not defaulted in the repayment of dues to banks and other parties.
- The rate of interest for Secured Redeemable Non-Convertible Debentures is 12.13% p.a. with maturity tenor of 1023 days and have a bullet repayment schedule.
- The term loans from other parties carry an interest rate range of 7.90% to 12.00% p.a. with repayments falling due in the next twelve months.
- Unsecured loans from other parties carry an interest rate ranging from 8.35% to 13.00% p.a. with repayments falling due in the next twelve months.

Equitas Holdings Limited

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

11 Short-term provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Provision - employee benefits		
- Provision for gratuity [Refer note 29.2]	605.21	303.99
- Provision for compensated absences	4,542.25	3,634.18
Others		
- Provision for standard receivables under financing activities (net)	921.56	457.14
- Provision for non performing assets under financing activities (net)	6,157.14	8,208.34
- Provision for staff loans	1.58	-
- Provision for income tax [Net of advance tax as at 31 March 2018 - ₹142.65 lakh, Previous year - ₹ Nil]	56.24	-
	12,283.98	12,603.65

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)

12 Property, plant and equipment and Intangible assets

12.1	Particulars	Land- Freehold	Buildings (note 12.3)	Leasehold Improvements	Computer Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Servers, Printers and Network Equipment	Electrical fittings	Automated Teller Machines [ATMs]	Total	Intangible assets - Software
	Gross block												
	As at April 1, 2016	1,097.25	2505.78	621.88	3,011.26	535.65	828.92	886.10	-	-	-	9,486.84	1,457.41
	Add: Additions	434.60	207.16	6,832.83	1,824.74	1,260.26	4,603.29	810.82	2,636.08	119.15	2,189.17	20,918.10	8,100.70
	Less: Disposals	-	-	-	115.25	36.82	26.91	124.24	-	-	-	303.22	-
	As at March 31, 2017	1,531.85	2,712.94	7,454.71	4,720.75	1,759.09	5,405.30	1,572.68	2,636.08	119.15	2,189.17	30,101.72	9,558.11
	Add: Additions	-	937.55	3,059.02	610.33	442.50	2,524.65	695.35	710.09	76.05	203.12	9,258.66	1,269.30
	Less: Disposals	-	-	6.44	0.42	4.96	7.79	276.71	-	-	-	296.32	-
	As at March 31, 2018	1,531.85	3,650.49	10,507.29	5,330.66	2,196.63	7,922.16	1,991.32	3,346.17	195.20	2,392.29	39,064.06	10,827.41
	Depreciations / Amortisation												
	As at April 1, 2016	-	269.88	404.55	1,732.75	452.59	508.84	242.52	-	-	-	3,611.13	1,102.77
	Add: Charge for the year	-	49.35	429.58	868.42	160.09	574.64	249.81	258.25	4.18	46.21	2,640.53	1,066.17
	Add: Provision for Impairment	-	-	-	-	-	-	-	-	-	-	-	40.78
	Less: Disposals	-	-	-	48.25	36.56	23.27	36.52	-	-	-	144.60	-
	As at March 31, 2017	-	319.23	834.13	2,552.92	576.12	1,060.21	455.81	258.25	4.18	46.21	6,107.06	2,209.72
	Add: Charge for the year	-	62.73	1,383.71	1,189.37	562.91	2,343.55	379.00	628.75	42.68	330.04	6,922.74	1,931.58
	Add: Provision for Impairment	-	-	-	-	-	-	-	-	-	-	-	59.16
	Less: Disposals	-	-	6.17	0.39	4.94	6.64	143.00	-	-	-	161.14	-
	As at March 31, 2018	-	381.96	2,211.67	3,741.90	1,134.09	3,397.12	691.81	887.00	46.86	376.25	12,868.66	4,200.46
	Net block												
	As at March 31, 2018	1,531.85	3,268.53	8,295.62	1,588.76	1,062.54	4,525.04	1,299.51	2,459.17	148.34	2,016.04	26,195.40	6,626.95
	As at March 31, 2017	1,531.85	2,393.71	6,620.58	2,167.83	1,182.97	4,345.09	1,116.87	2,377.83	114.97	2,142.96	23,994.66	7,348.39

12.2 Capital work in progress

The Capital Work in Progress as at 31 March 2018 amounting to ₹ 221.69 lakh [As at 31 March 2017: ₹ 1,536.02 lakh] represents the cost of construction of additional floors at the existing school buildings and other assets which are in progress as at 31 March 2018.

12.3 Buildings given on Operating Lease

The Company has constructed buildings in Kumbakonam, 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 the schools at the places mentioned above.

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
13 Non-current investments

Particulars	As at March 31, 2018	As at March 31, 2017
i) Non-current investments - trade - unquoted, at cost		
Investment in Equity Share of other entities, fully paid-up 200,000 (As at 31 March 2017: 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 Government Securities	95,701.21	60,222.31
	95,721.21	60,242.31
Aggregate market value of quoted investments	95,361.94	60,300.77
Aggregate Market value of unquoted Investments	20.00	20.00

14 Deferred tax assets

The Deferred tax asset of ₹ 6,300.10 lakh [As at 31 March 2017 - ₹ 4,381.09 lakh] has arisen on account of the following:

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred Tax Assets		
Differences in respect of Fixed Assets - Depreciation	(227.08)	(1,257.19)
Differences in respect of Loans & Advances	3,627.45	3,316.58
Differences in respect of employee related provisions	2,534.73	1,986.00
Others	365.00	335.70
	6,300.10	4,381.09

15 Long-term receivables under financing activities

(Represents instalments due after one year from the reporting date)

Particulars	As at March 31, 2018	As at March 31, 2017
<i>Secured</i>		
Micro & small enterprise loans	203,764.23	100,438.07
Vehicle finance loans	115,588.11	82,806.00
Loans subordinated as credit enhancements for assets de-recognised	2,371.19	3,967.98
Housing loans	22,636.61	17,147.38
Others loans	312.71	169.08
<i>Unsecured</i>		
Micro finance loans	61,399.11	83,902.62
Micro & small enterprise loans	83.99	167.84
Business loans	36,211.08	3,762.36
	442,367.03	292,361.33
Note:		
(a) Of the above:		
- Considered good	433,068.58	286,818.25
- Considered doubtful (non performing assets under financing activities as per group's provisioning norms)	9,298.45	5,543.08
[Refer note 7 for Provision for Non Performing Assets under Financing Activities]		

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
16 Long-term loans and advances

Particulars	As at March 31, 2018	As at March 31, 2017
Capital advances - unsecured, considered good	-	3,057.68
Security deposits		
- Unsecured, considered good	2,770.00	1,560.18
- Unsecured, considered doubtful	64.42	65.20
	2,834.42	1,625.38
Less: provision for doubtful deposits	(64.42)	(65.20)
	2,770.00	1,560.18
Loans to employees		
- Secured, considered good	45.24	28.70
- Unsecured, Considered Good	208.32	103.07
- Unsecured, Considered Doubtful	78.83	50.95
	332.39	182.72
Less: Provision for Doubtful Loans to Employees	(78.83)	(50.95)
	253.56	131.77
Deposits - on lien against borrowings - unsecured, considered good [Refer note 6.1]	1,438.54	1,345.00
Advance income tax [net of provision for tax ₹ 1,813.30 lakh (As at 31 March 2017 ₹ 25,990.39 lakh)]	643.77	638.02
	5,105.87	6,732.65

17 Other non-current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due		
- on deposits with banks / others	0.32	173.65
Bank deposits under lien having remaining maturity after 12 months	432.24	4,482.78
	432.56	4,656.43
Note:		
Bank deposits under lien		
- Cash collateral for assets de-recognised	353.00	3,034.50
- Cash collateral for term loans obtained from banks	79.24	1,448.28

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
18. Current investments

Particulars		As at March 31, 2018	As at March 31, 2017
Other current investments:			
Investment in Mutual Funds [quoted]		2,509.60	477.75
Investment in Government Securities - Treasury Bills [quoted]		188,322.41	102,716.65
Investment in Central Government Securities [quoted]		-	19,255.51
Investment in Commercial Paper [unquoted]		86,640.53	6,901.24
Investment in Bonds and Debentures		12,500.00	-
		289,972.54	129,351.15
Note			
Aggregate market value of quoted investments		203,432.32	122,292.09
Aggregate market value of unquoted investments		86,640.54	7,032.83
Particulars	No. of Units	Face Value	As at 31 March 2018
<i>i) Investments - Mutual funds</i>			
Reliance Liquid Fund - Treasury Plan	236.574	1,000	9.60
UTI Money Market Fund	128,388.816	1,000	2,500.00
<i>ii) Investments - Government Securities & Commercial Paper</i>			
Investment in Treasury Bills			188,322.41
Investment in Central Government Securities			-
Investment in State Government Securities			-
Investment in Commercial Paper			86,640.53
Investment in Bonds and Debentures			12,500.00
Total			289,972.54
Particulars	No. of Units	Face Value	As at 31 March 2017
<i>i) Investments - Mutual Funds</i>			
Reliance Liquid Fund	17,240.366	1,000	477.75
<i>ii) Investments - Government Securities & Commercial Paper</i>			
Investment in Treasury Bills			102,716.65
Investment in Central Government Securities			19,255.51
Investment in Commercial Paper			6,901.24
Total			129,351.15

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
19 Short-term receivables under financing activities

Particulars	As at March 31, 2018	As at March 31, 2017
(Represents instalments due within one year from the reporting date)		
Secured		
Vehicle finance loans	99,253.39	69,036.05
Micro & small enterprise loans	32,926.98	14,748.79
Housing loans	4,324.30	2,486.85
Other loans	15,797.62	451.84
Instalments due from borrowers		
- More than six months from the date these were due for payment	8,022.19	5,696.76
- Others	4,661.09	7,128.80
Unsecured		
Micro finance loans	148,034.38	182,620.51
Loans given as credit enhancements for loans de-recognised	453.52	6,174.11
Micro & small enterprise loans	95.04	75.80
Business loans	24,078.44	2,110.48
	337,646.95	290,529.99
Note:		
(a) Of the above:		
- Considered good	325,771.56	275,475.14
- Others (Non Performing Assets under financing activities as per Group's provisioning norms)	11,875.39	15,054.85
[Refer note 11 for provision for sub-standard and doubtful receivables under financing activities]		

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
20 Cash and bank balances

Particulars	As at March 31, 2018	As at March 31, 2017
<u>Cash and cash equivalents</u>		
Balances with banks		
- In current accounts	32,758.05	50,411.69
Cash on hand	11,592.67	6,669.91
Money at call and short notice - with banks	65,300.00	35,000.00
Money at call and short notice - with other institutions	5,000.00	7,500.00
<u>Other bank balances</u>		
- In deposits accounts - free of lien (remaining maturity less than 12 months)	1,854.50	150.70
- In deposits accounts - under lien [Refer note (b) below]	810.30	6,773.31
- Balances held as security against borrowings	1,896.63	-
	119,212.15	106,505.61
Notes:		
(a) Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statement	114,650.72	99,581.60
	114,650.72	99,581.60
(b) Deposit Accounts under lien:		
- Cash collateral for assets de-recognised	1,896.63	5,501.80
- Cash collateral for term loans obtained from banks	375.00	346.17
- Deposits earmarked as bank guarantee [Refer note (d) below]	85.30	375.34
- Others [Refer note (d) below]	350.00	550.00
	2,706.93	6,773.31
(c) Deposits free of lien		
- Deposits with remaining maturity of less than 12 months	1,854.50	150.70
	1,854.50	150.70
(d) Deposits under lien - others		
For overdraft facilities - Equitas Dhanyakosha India	-	550.00
For overdraft facilities - Equitas Development Initiatives Trust	350.00	-
	350.00	550.00

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
21 Short-term loans and advances

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, Considered good		
Loans to employees		
- Secured, considered good	25.65	66.88
- Unsecured, considered good	415.06	370.38
- Unsecured, considered doubtful	-	-
	440.71	437.26
Less: Provision for doubtful loans to employees	-	-
	440.71	437.26
Balances with government authorities	589.18	969.14
Security deposits [Refer note a]	-	300.00
Travel and other advances		
- Secured, considered good	4,685.62	1,930.06
- Unsecured, considered doubtful	90.25	69.52
	4,775.87	1,999.58
- Less: Provision for doubtful advances	(90.25)	(69.52)
	4,685.62	1,930.06
Receivables from special purpose vehicles for assets de-recognised	277.56	746.29
	5,993.07	4,382.75

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

22 Other current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Interest accrued but not due		
- on advance (receivables under financing activities)	8,232.44	6,459.48
- on deposits with banks / others	279.03	213.80
- on investments	3,049.57	3,467.10
Prepaid expenses - unsecured, considered good	371.84	684.49
Unamortised discount on Commercial Paper	-	1,097.38
Insurance claims receivable		
- Considered Good	-	130.30
Others	1,757.36	265.42
	13,690.24	12,317.97

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
23 Revenue from operations

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest income from loans	134,156.37	117,078.36
Processing and other fees	17,536.87	11,110.66
Interest spread on securitisation / assignment of receivables	5,566.90	15,949.12
Income from investments	18,124.22	5,669.46
Interest on call, notice, term lending money	1,120.25	844.62
Freight income	242.52	83.29
Other operating revenues		
Interest income on fixed deposits with banks / others	840.44	1,881.33
Commission, exchange and brokerage	1,013.51	89.83
Others	-	68.98
	178,601.08	152,775.65

24 Other income

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest income		
- on loans to employees	67.71	70.49
Loss assets recovered	15.73	5.12
Provision no longer required written back	-	5.94
Gain / (loss) on sale of current investments in mutual funds (net)	(976.99)	2,655.03
Miscellaneous income	1,033.66	143.01
	140.11	2879.59

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
25 Employee benefits expense

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Salaries	46,844.06	33,054.67
Contribution to provident and other funds	3,182.88	1,867.17
Staff welfare	1,972.40	4,687.08
	51,999.34	39,608.92

26 Finance costs

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest on loans	16,992.10	29,124.09
Interest on debentures	28,143.99	21,609.92
Loan processing fees and other borrowing costs	471.68	263.80
Discount on commercial paper	1,097.38	3,109.33
Interest on term deposits and savings accounts	20,657.12	3,493.52
	67,362.27	57,600.66

27 Provisions and write-offs

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Provision for Standard receivables under financing activities (net)	535.25	(2,389.06)
Provision for Non Performing Assets under financing activities (net)	(2,078.97)	7,769.78
Provision on over-collateral assets	147.76	129.39
Provision for credit enhancements on assets de-recognised (Net)	-	(970.10)
Floating provision [Refer note 45]	-	1,900.00
Loss on sale of repossessed assets	3,211.14	2,426.73
Loss assets written off - loans	15,811.56	958.62
Provision for advances - staff loan	30.65	-
Marked to market (gain) / loss on government securities	(465.88)	465.88
	17,191.51	10,291.24

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
28 Other Expenses

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Rent [Refer note 32]	5,716.46	2,899.39
Hiring Charges	297.83	109.09
Electricity charges	1,031.29	358.99
Rates and taxes	1,700.54	1,314.55
Insurance	355.46	51.55
Software and other maintenance expenses	3,626.44	1,468.33
Repairs and maintenance - others	1,737.28	647.46
Cash management charges	432.68	220.78
Travelling and conveyance	3,512.31	3,582.75
Communication expenses	2,640.80	2,004.68
Printing and stationery	1,096.34	856.63
Advertisement and business promotion	1,161.37	512.52
Registrar fee and AGM expenses	39.53	55.19
Legal and professional charges	1,728.11	1,265.21
Brokerage and commission	1,763.19	647.32
Non executive Directors' remuneration and sitting fees	128.44	178.97
Corporate Social Responsibility - Donations [Refer note 38]	259.08	1,019.55
Payment to auditors		
As Auditor		
- Statutory audit	48.70	56.30
- Limited review	13.72	22.50
- Tax audit	7.00	4.50
In Other Capacity		
- Certification	7.50	9.44
- Other services	10.42	34.30
- Reimbursement of expenses	0.52	-
Provision for doubtful employee loans and advances / insurance claims (Net)	4.38	70.25
Loss assets written-off - others [Refer note 31.2]	68.73	-
Bank charges	0.31	34.38
Loss on sale of fixed assets (net)	15.24	4.09
Miscellaneous expenses	754.51	714.81
	28,158.18	18,143.53

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
29 Employee benefits
29.1 Defined contribution plan

The Group makes Provident Fund contributions 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 ₹ 2,738.88 lakh [Previous Year ₹ 1,867.17 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.

29.2 Defined benefit plans

During the year ended March 31, 2018, 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	Year Ended March 31, 2018	Year Ended March 31, 2017
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at beginning of the year	1,619.84	926.89
Current service cost	639.29	719.03
Interest cost	90.69	60.12
Benefits paid	(139.40)	(47.15)
Actuarial (gains) / loss	(157.86)	(39.05)
Present value of defined benefit obligation at end of the year	2,052.56	1,619.84
Change in fair value of assets during the year		
Plan assets at beginning of the year	1,943.85	959.28
Add: Adjustments to the opening balance	(511.93)	-
Expected return on plan assets	95.40	71.16
Actual company contributions	-	1,013.19
Benefits paid out of the assets	-	-
Actuarial (gains) / loss	(95.40)	(99.78)
Plan assets at end of the year	1,431.92	1,943.85
Asset / (liability) recognised in the balance sheet		
Present value of defined benefit obligation	(2,052.56)	(1,619.84)
Fair value of plan assets	1,431.92	1,943.85
Net asset / (liability) recognised in the balance sheet	(620.64)	324.01
Cost of defined benefit plan for the year		
Current service cost	639.29	719.03
Interest cost	90.69	60.12
Expected return on plan assets	(95.40)	(71.16)
Net actuarial gains	(157.15)	(266.60)
Net cost recognised in the statement of profit and loss	477.43	441.39
Actual return on plan assets	95.40	71.16
Assumptions		
Discount rate [Refer note (a)]	7.10% to 7.30%	6.60% to 6.80%
Future salary increase [Refer note (b)]	10.00%	8.05%
Mortality table	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate [Refer note (b)]	20.00%	20.00%

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
Notes:

- 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.
- 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.
- 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.
- Estimated amount of contribution to the funds for the year ending 31 March 2019 as estimated by the management is ₹ 477.44 lakh [Previous Year ₹ 441.39 lakh]
- Experience adjustments:

Particulars	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
Projected benefit obligation	2,052.56	1,619.84	926.89	638.66	338.01
Fair value of plan assets	1,431.92	1,943.85	959.28	582.37	358.59
Surplus / (deficit)	(620.64)	324.01	32.39	(56.29)	20.58
Experience adjustments on plan liabilities - gains	(157.86)	(39.05)	(43.71)	(28.00)	(22.03)
Experience adjustments on plan assets - gains / (losses)	(95.40)	(99.78)	(119.08)	0.02	(10.05)

Note: The above information has been provided based on information to the extent available in the individual financial statement of the Company and its subsidiaries.

29.3 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	Year Ended March 31, 2018	Year Ended March 31, 2017
Assumptions		
Discount rate	7.10% to 7.30%	6.60% to 6.80%
Future salary increase	10.00%	8.05%
Mortality rate	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate	20.00%	20.00%

30 Employee Stock Option Scheme

On December 17, 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. Nomination, Remuneration & Governance Committee constituted by the Board of Directors of the Company administers the plan.

During the year ended March 31, 2013, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2012 (ESOP Scheme 2012) effective from November 10, 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 March 31, 2014, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2014 (ESOP Scheme 2014) effective from July 18, 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 March 31, 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 year ended March 31, 2016, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) effective from September 7, 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.

Equitas Holdings Limited

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

As at 31 March 2018, 17,981,734 [As at 31 March 2017 - 26,777,878] (net of forfeitures) options were outstanding, which were granted at various exercise prices. The following are the outstanding options as at 31 March 2018:

ESOP Scheme after transfer	Particulars	Date of Grant	Date of Board Approval	Exercise Price Per Option (₹) post bonus options	Total Options granted	Vesting Period	Method of settlement
ESOP Scheme 2007	Grant 6	26-Apr-10	26-Apr-10	33.34	563,534	30-Jun-11 to 30-Jun-14	Equity
ESOP Scheme 2007	Grant 7	27-Oct-10	27-Oct-10	40.00	1,268,988	31-Dec-11 to 31-Dec-14	Equity
ESOP Scheme 2007	Grant 8	13-May-11	13-May-11	40.00	586,458	30-Jun-12 to 30-Jun-15	Equity
ESOP Scheme 2007	Grant 9	2-Nov-11	2-Nov-11	40.00	594,045	31-Dec-12 to 31-Dec-15	Equity
ESOP Scheme 2007	Grant 10	9-May-12	9-May-12	40.00	605,985	30-Jun-13 to 30-Jun-16	Equity
ESOP Scheme 2007	Grant 11	7-Nov-12	7-Nov-12	40.00	783,306	31-Dec-13 to 31-Dec-16	Equity
ESOP Scheme 2012	Grant 12	4-May-13	4-May-13	40.00	633,150	30-Jun-14 to 30-Jun-17	Equity
ESOP Scheme 2012	Grant 13	15-Nov-13	15-Nov-13	40.00	2,202,225	31-Dec-14 to 31-Dec-17	Equity
ESOP Scheme 2012	Grant 14	9-May-14	9-May-14	43.34	2,934,600	30-Jun-15 to 30-Jun-18	Equity
ESOP Scheme 2014	Grant 15	12-Nov-14	12-Nov-14	55.00	4,051,650	31-Dec-15 to 31-Dec-18	Equity
ESOP Scheme 2014	Grant 16	7-May-15	7-May-15	65.00	2,268,400	30-Jun-16 to 30-Jun-19	Equity
ESOP Scheme 2014	Grant 17	7-Aug-15	7-Aug-15	70.00	2,321,850	31-Dec-16 to 31-Dec-19	Equity
ESOP Scheme 2015	Grant 18	6-Nov-15	6-Nov-15	70.00	4,382,650	31-Dec-16 to 31-Dec-19	Equity
ESOP Scheme 2015	Grant 19	1-Jul-16	1-Jul-16	178.00	7,597,900	01-Jul-17 to 01-Jul-20	Equity
ESOP Scheme 2015	Grant 20	4-Jul-16	4-Jul-16	184.00	838,500	01-Aug-17 to 01-Aug-20	Equity
ESOP Scheme 2015	Grant 21	5-Aug-16	5-Aug-16	173.00	1,840,150	01-Sep-17 to 01-Sep-20	Equity
ESOP Scheme 2015	Grant 22	10-Sep-16	10-Sep-16	182.00	2,007,200	01-Oct-17 to 01-Oct-20	Equity
ESOP Scheme 2015	Grant 23	21-Oct-16	21-Oct-16	183.00	2,038,500	01-Nov-17 to 01-Nov-20	Equity
ESOP Scheme 2015	Grant 24	1-Feb-17	1-Feb-17	165.00	5,063,450	01-Feb-18 to 01-Feb-21	Equity
ESOP Scheme 2015	Grant 25	5-May-17	5-May-17	164.00	2,610,600	05-May-18 to 05-May-21	Equity
ESOP Scheme 2015	Grant 26	16-Aug-17	16-Aug-17	156.00	400,000	16-Aug-18 to 16-Aug-21	Equity
ESOP Scheme 2015	Grant 27	31-Jan-18	31-Jan-18	151.00	137,150	31-Jan-19 to 31-Jan-22	Equity

* The outstanding options under the ESOP Scheme 2012 has been transferred and made available for grant under the new scheme Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) effective from September 7, 2015 approved by the shareholders on June 22, 2016.

Exercise Period: Eligible to exercise the options during the next three years from the date of vesting.

Manner of vesting: In a graded manner over a 4 year period with 30%, 30%, 20% and 20% of the grants vesting in each year commencing from the start date of the first tranche.

Equitas Holdings Limited

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

Particulars	Date of Grant	Outstanding Options as at April 1, 2017	Options granted during the Period	Less: Options Forfeited / Lapsed	Options Exercised	Outstanding options as at March 31, 2018	Vested	Yet to vest
Grant 6	26-Apr-10	51,138	-	9,732	41,406	-	-	-
Grant 7	27-Oct-10	54,039	-	4,625	48,982	432	432	-
Grant 8	13-May-11	58,533	-	5,688	40,159	12,686	12,686	-
Grant 9	2-Nov-11	53,412	-	1,439	35,789	16,184	16,184	-
Grant 10	9-May-12	103,029	-	10,297	55,658	37,074	37,074	-
Grant 11	7-Nov-12	141,370	-	4,953	92,964	43,453	43,453	-
Grant 12	4-May-13	149,587	-	27,191	80,039	42,357	42,357	-
Grant 13	15-Nov-13	637,512	-	92,858	368,291	176,363	176,363	-
Grant 14	9-May-14	1,023,902	-	169,154	375,404	479,344	254,794	224,550
Grant 15	12-Nov-14	1,631,212	-	360,783	413,308	857,121	557,571	299,550
Grant 16	7-May-15	1,204,771	-	297,097	246,505	661,169	267,149	394,020
Grant 17	7-Aug-15	1,775,363	-	245,018	275,097	1,255,248	605,162	650,086
Grant 18	6-Nov-15	2,912,610	-	754,937	541,776	1,615,897	689,097	926,800
Grant 19	1-Jul-16	6,439,050	-	2,155,239	852	4,282,959	1,136,529	3,146,430
Grant 20	4-Jul-16	838,500	-	102,300	-	736,200	221,700	514,500
Grant 21	5-Aug-16	1,548,650	-	598,629	-	950,021	247,921	702,100
Grant 22	10-Sep-16	1,696,000	-	720,036	-	975,964	250,239	725,725
Grant 23	21-Oct-16	1,723,400	-	794,815	-	928,585	236,670	691,915
Grant 24	1-Feb-17	4,735,800	-	2,014,073	-	2,721,727	687,527	2,034,200
Grant 25	5-May-17	-	2,610,600	942,600	-	1,668,000	-	1,668,000
Grant 26	16-Aug-17	-	400,000	-	-	400,000	-	400,000
Grant 27	31-Jan-18	-	137,150	16,200	-	120,950	-	120,950

(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.

Equitas Holdings Limited

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

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

Fair Value of the Option (₹)

Variables	Grant Date	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share at the time of the Option Grant (₹) adjusted after bonus option	1st Stage	2nd Stage	3rd Stage	4th Stage
Grant 6	26-Apr-10	6.50% to 7.25%	3.33 to 5.33 yrs	37% to 40%	-	33.34	6.75	8.34	10.09	12.27
Grant 7	27-Oct-10	7.25% to 7.50%	3.33 to 5.33 yrs	35% to 40%	-	40.00	8.70	10.83	13.06	15.84
Grant 8	13-May-11	7.9% to 8.05%	2.58 to 5.58 yrs	38% to 41%	-	40.00	9.41	11.66	13.79	16.11
Grant 9	2-Nov-11	8.40% to 8.65%	2.58 to 5.58 yrs	38% to 40%	-	40.00	9.34	12.20	14.26	16.19
Grant 10	9-May-12	8.01% to 8.25%	2.58 to 5.58 yrs	39% to 42%	-	40.00	3.28	4.41	6.00	7.25
Grant 11	7-Nov-12	7.89% to 8%	2.67 to 5.67 yrs	38% to 42%	-	40.00	3.87	4.84	6.65	7.97
Grant 12	4-May-13	7.12% to 7.23%	2.67 to 5.67 yrs	33% to 37%	-	40.00	2.92	5.07	6.31	7.99
Grant 13	15-Nov-13	8.50% to 8.68%	2.64 to 5.67 yrs	34% to 39%	-	40.00	4.34	7.08	8.53	9.93
Grant 14	9-May-14	8.38% to 8.60%	2.64 to 5.67 yrs	33% to 38%	-	43.34	8.56	11.59	13.38	15.68
Grant 15	12-Nov-14	8.50% to 8.68%	2.64 to 5.67 yrs	35% to 39%	-	55.00	7.80	11.66	14.41	16.50
Grant 16	7-May-15	7.74% to 7.79%	2.67 to 5.67 yrs	33% to 37%	-	65.00	10.46	14.58	18.40	20.67
Grant 17	7-Aug-15	7.69% to 7.89%	2.67 to 5.67 yrs	36% to 39%	-	70.00	16.73	20.61	25.33	27.90
Grant 18	6-Nov-15	7.43% to 7.64%	2.67 to 5.67 yrs	33.80% to 37%	-	70.00	16.00	18.79	23.55	26.87
Grant 19	1-Jul-16	7.03% to 7.34%	2.50 to 5.50 yrs	23.60% to 26%	-	177.70	40.66	53.39	61.83	70.45
Grant 20	4-Jul-16	7.03% to 7.32%	2.58 to 5.58 yrs	23.40% to 26%	-	183.75	42.76	55.99	64.60	73.44
Grant 21	5-Aug-16	6.78% to 7.04%	2.58 to 5.58 yrs	22.80% to 26%	-	172.10	38.63	51.40	59.26	67.35
Grant 22	10-Sep-16	6.71% to 6.91%	2.58 to 5.58 yrs	22% to 25%	-	181.75	40.22	53.26	62.47	70.88
Grant 23	21-Oct-16	6.70% to 7.00%	2.50 to 5.50 yrs	23.10% to 39.20%	-	182.50	40.45	52.49	61.08	87.23
Grant 24	1-Feb-17	6.45% to 6.84%	2.58 to 5.58 yrs	22.20% to 24.70%	-	164.35	35.88	47.18	55.01	63.46
Grant 25	5-May-17	6.24% to 6.59%	2.56 to 5.66 yrs	19.48% to 22.55%	-	163.55	31.50	40.25	50.31	57.50
Grant 26	16-Aug-17	6.63% to 7.00%	2.58 to 5.58 yrs	20.23% to 23.42%	-	155.75	34.67	44.59	4.48	62.98
Grant 27	31-Jan-18	6.87% to 7.45%	2.50 to 5.51 yrs	18.00% to 21.62%	-	148.35	28.39	37.69	48.24	55.83

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)

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 March 31, 2018	For the year ended March 31, 2017
Net Profit as per Statement of Profit and Loss (as reported)	3,135.26	15,936.57
Add: Stock Based Employee Compensation Expense included in profit before tax	-	-
Less: Stock Based Compensation Expense Determined under Fair Value based Method (Proforma)	(2,228.19)	(2,950.09)
Net (Loss) - Proforma	907.07	12,986.48
Basic Earnings per Share of ₹ 10 each (as reported)	0.92	4.79
Basic Earnings per Share of ₹ 10 each (Proforma)	0.27	3.90
Diluted Earnings per Share of ₹ 10 each (as reported)	0.91	4.69
Diluted Earnings per Share of ₹ 10 each (Proforma)	0.26	3.82

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
31 Related party transactions
31.1 Names of related parties and nature of relationship

Description of relationship	FY 2017-18	FY 2016-17
Enterprises over which the Company or Key management personnel is able to exercise significant influence	Equitas Dhanyakosha India Equitas Development Initiatives Trust Equitas Healthcare Foundation (w.e.f. March 13, 2018)	Equitas Dhanyakosha India Equitas Development Initiatives Trust
Key Management Personnel	S. Bhaskar, Executive Director and CEO R Srimathy, Chief Financial Officer (from August 1, 2017) S Vasudevan, Chief Financial Officer (upto July 31, 2017) Jayashree S Iyer, Company Secretary	S. Bhaskar, Executive Director and CEO (from 21 October 2016) P.N. Vasudevan, Managing Director (upto 22 July 2016) S Vasudevan, Chief Financial Officer (from 21 October 2016) Jayashree S Iyer, Company Secretary

31.2 Transactions with the related parties

Transaction	Related Party	Year Ended March 31, 2018	Year Ended March 31, 2017
Expenses			
Staff welfare expenses	Equitas Dhanyakosha India	-	1.89
Remuneration to Key Managerial Personnel *	S. Bhaskar, Executive Director and CEO - from October 21, 2016 (upto October 20, 2016 as Chief Financial Officer - ₹ 34.93 lakh included)	59.81	59.81
	P.N. Vasudevan, Managing Director (upto July 22, 2016)	-	14.10
	R Srimathy, Chief Financial Officer (from August 1, 2017)	8.81	-
	S Vasudevan, Chief Financial Officer (upto July 31, 2017)	16.20	17.78
	Jayashree S Iyer, Company Secretary	23.55	26.03
* excludes employer's contribution to various funds and non-monetary perquisites and provisions made for gratuity and leave benefits, as these are determined for the Company as a whole (Under the ESOP Scheme 2015, 1,197 shares (previous year - 4,091) were allotted to Key Managerial Personnel)			
Contribution for creating Trust	Equitas Healthcare Foundation	0.01	-
Donation	Equitas Development Initiatives Trust	259.08	490.45
	Equitas Dhanyakosha India	-	509.00
Term Deposits placed	Equitas Development Initiatives Trust	3.60	0.65
Interest on Term Deposits	Equitas Development Initiatives Trust	0.24	-
Savings deposits and interest	Equitas Development Initiatives Trust	1,572.92	0.38
Withdrawals and fund transfer from savings deposits	Equitas Development Initiatives Trust	1,551.49	0.14
Demand deposits	Equitas Dhanyakosha India	51.92	25.19
Withdrawals and fund transfer from demand deposits	Equitas Dhanyakosha India	51.83	23.20

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)

Transaction	Related Party	Year Ended March 31, 2018	Year Ended March 31, 2017
Other transactions			
Transfer of staff loans to related parties on account of employee transfer	Equitas Development Initiatives Trust	(0.30)	-
	Equitas Dhanyakosha India	0.76	
Loss assets written-off - others	Equitas Dhanyakosha India	68.69	-
During the year, the Company's lien marked deposit to the extent of ₹ 68.69 lakh was enforced in respect of the overdraft facilities availed by Equitas Dhanyakosha India from a bank. This amount has been written off considering its recoverability status.			
Recovered and paid on behalf of customers	Equitas Development Initiatives Trust	-	26.14
	Equitas Dhanyakosha India	-	34.80
Balance as at year end			
Demand deposits	Equitas Dhanyakosha India	2.07	1.99
Term deposits	Equitas Dhanyakosha India	4.25	0.65
Savings deposits	Equitas Development Initiatives Trust	31.53	0.24
Interest payable on term deposits	Equitas Development Initiatives Trust	0.00	-
Deposits under lien given as security for overdraft facilities	Equitas Dhanyakosha India	-	550.00
	Equitas Development Initiatives Trust	350.00	-

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 2018, there are no further amounts payable to / receivable from them, other than as disclosed above.

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
32 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 March 31, 2018, an amount of ₹ 5,716.46 lakh [Previous Year ₹ 2,899.39 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 March 31, 2018	As at March 31, 2017
<u>Future lease rentals payable at the end of the year</u>		
Less than One Year	4,738.99	3,601.62
One Year to Five Years	18,331.31	12,936.40
Later than Five Years	12,623.03	12,212.17

The Group has not sub-leased any of the properties taken on lease. There are no provisions relating to contingent rent.

33 Earnings per share
(a) Basic

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Total operations		
Profit after Tax for the Year - ₹ in lakh	3,135.26	15,936.57
Weighted Average Number of Equity Shares	339,075,142	332,895,663
Earnings Per Share (Basic) - in ₹	0.92	4.79
Face Value Per Share - in ₹	10	10

(b) Diluted

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Profit after tax attributable to Equity Shareholders - ₹ in lakh	3,135.26	15,936.57
Weighted average number of equity shares for basic EPS	339,075,142	332,895,663
Add: Effect of warrants and ESOPs which are dilutive	3,993,662	7,100,277
Weighted average number of equity shares for dilutive EPS	343,068,804	339,995,940
Earnings Per Share (diluted) - in ₹	0.91	4.69
Face Value Per Share - in ₹	10.00	10.00

Equitas Holdings Limited

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

34 Commitments and contingencies

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
<u>Claims against the company not acknowledged as debts:</u>		
Income tax matters	1,081.09	265.19
Provident Fund	188.22	187.54
Service tax	86.60	363.95
Guarantees to BSE Limited	-	1,876.68
Guarantees given on behalf of constituents by ESFBL	2,928.36	4,325.78
<u>Commitments:</u>		
- Loans sanctioned but not disbursed	18,860.15	13,852.69
- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	951.31	4,277.75
- Other Commitments	97.61	39.74

35 Loan portfolio and provision for Standard Assets and Non Performing Assets

(a) As at March 31, 2018

Asset classification	Loan outstanding as at March 31, 2018 (Gross)	Provision as at March 31, 2018	Loan outstanding as at March 31, 2018 (Net)
Receivables under financing activities			
Standard assets	758,840.14	2,104.90	756,735.24
Non Performing Assets			
- Sub-Standard assets	11,875.39	1,992.85	9,882.54
- Doubtful assets	9,298.45	6,031.19	3,267.26
Non Performing Assets - sub-total	21,173.84	8,024.04	13,149.80
Total	780,013.98	10,128.94	769,885.04

(b) As at March 31, 2017

Asset classification	Loan outstanding as at March 31, 2017 (Gross)	Provision as at March 31, 2017	Loan outstanding as at March 31, 2017 (Net)
Receivables under financing activities			
Standard assets	562,293.39	1,569.65	560,723.74
Non Performing Assets			
- Sub-Standard assets	10,979.67	3,626.17	7,353.50
- Doubtful assets	9,618.26	6,476.82	3,141.44
Non Performing Assets - sub-total	20,597.93	10,102.99	10,494.94
Total	582,891.32	11,672.64	571,218.68

Equitas Holdings Limited

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of ₹ unless otherwise stated)

36 Changes in provisions

(a) As at March 31, 2018

Particulars	As at April 1, 2017	Provision for the Year	Utilisation / Reversal	As at March 31, 2018
Provision for standard receivables under financing activities	1,569.65	1,442.10	(906.85)	2,104.90
Provision for non performing assets under financing activities	10,102.99	17,917.01	(19,995.96)	8,024.04
Total	11,672.64	19,359.11	(20,902.81)	10,128.94

(b) As at March 31, 2017

Particulars	As at April 1, 2016	Provision for the Year	Utilisation / Reversal	As at March 31, 2017
Provision for standard receivables under financing activities	3,958.71	2,659.44	(5,048.50)	1,569.65
Provision for non performing assets 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 in 2016-17, 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 previous year, the excess standard assets provision of ₹ 3,873.74 lakh was reversed.

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
37 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 during FY 2016-17, the segments identified by the Management are Finance and Others. Others include the business of freight facilitation cum aggregation. Accordingly, the segment disclosures for the 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."

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
1 Segment revenue		
a. Finance	179,678.00	153,981.46
b. Others	249.72	83.29
	179,927.72	154,064.75
Less: Inter segment revenue	1,326.64	1,289.10
Income from operations	178,601.08	152,775.65
2 Segment results - Profit before tax and interest		
a. Finance	6,178.13	25,915.27
b. Others	(625.41)	(710.26)
c. Unallocated	-	-
	5,552.72	25,205.01
Less:		
i) Unallocable expense, net off unallocable income	436.31	48.92
Total - Profit before tax	5,116.41	25,156.09
3 Segment assets		
a. Finance	1,337,120.52	933,319.36
b. Others	481.89	641.06
c. Unallocated	11,883.33	10,379.93
	1,349,485.74	944,340.35
4 Segment liabilities		
a. Finance	1,121,533.92	721,050.30
b. Others	53.17	96.53
c. Unallocated	200.83	106.25
	1,121,787.92	721,253.08

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)
38 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 CSR contribution of ₹ 259.08 lakh (Previous Year ₹ 1,019.55 lakh) to Equitas Development Initiatives Trust for the year ended March 31, 2018.

39 Goodwill on consolidation

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Opening balance	-	53.50
Add: On acquisition of subsidiaries during the year	-	-
Less: Loss written off during the year	-	53.50
Closing Balance	-	-

40 Additional information as required under Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the Entity	Net assets (i.e., Total assets minus Total liabilities)		Share of profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
As at / For the year ended March 31, 2018				
Equitas Holdings Limited - Parent Company	10.03%	22,824.92	-23.65%	(741.50)
Indian Subsidiaries				
- Equitas Small Finance Bank Limited	89.78%	204,375.24	143.83%	4,509.37
- Equitas Technologies Private Limited	0.19%	428.96	-20.16%	(631.98)
Minority Interest	0.00%	2.05	-0.02%	(0.63)
As at / For the year ended March 31, 2017				
Equitas Holdings Limited - Parent Company	9.56%	21,323.51	-2.89%	(460.24)
Indian Subsidiaries				
- Equitas Small Finance Bank Limited *	90.20%	201,192.10	107.35%	17,107.06
- Equitas Technologies Private Limited	0.24%	544.76	-4.46%	(710.25)
Minority Interest	0.00%	-	0.00%	-

* For the purpose of the consolidated audited financial statements of the previous year, 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 the effective date of Merger. From September 2, 2016, the amounts relating to these erstwhile subsidiaries form part of ESFBL operations.

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of ₹ unless otherwise stated)

- 41** 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.
- 42** The Company and its banking subsidiary are required to create a reserve fund every year as per Banking Regulation Act and RBI Regulations. Accordingly, for the year ended March 31, 2018, an amount of ₹ 904.48 lakh [Previous Year ₹ 2,697.05 lakh] and ₹ 66.52 lakh [Previous Year ₹ 141.80 lakh] have been transferred out of the net profit after tax of these entities to Statutory reserve / Special reserve respectively.
- 43** In accordance with the Reserve Bank of India guidelines, during the current year on account of reversal of excess depreciation on Investments to the Profit and Loss account, ESFBL has created Investment Reserve, after transfer to Statutory Reserves, net of taxes amounting to ₹ 230 lakh [Previous Year : Nil].
- 44** Exceptional Items in respect of Previous Year 2016-17, represent pre-closure and other incidental costs incurred by the Bank on foreclosure of certain term loans taken by the then subsidiaries in their 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 ESFBL.

45 Floating provision

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Opening Balance at the beginning of the year	1,900.00	-
Provisions made during the year		1,900.00
Drawdown during the year	-	-
Closing Balance at the end of the year	1,900.00	1,900.00

ESFBL had 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 July 1, 2015 amounting to ₹ 1,900.00 lakh during the previous year.

46 Uniformity in Accounting Policies on merger during FY 2016-17

EMFL and EFL as NBFCs 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 was sanctioned and disbursed. Accordingly, on the effective date of merger viz., September 2, 2016, the unamortised processing fee in the books of EMFL was credited to General Reserve, net of applicable Income tax. Consequent to the merger, as provided in the Scheme and in accordance with AS14, the processing fee income, since merger, is recognised in the year in which loan is sanctioned and disbursed.

47 Previous year

The figures of the previous year have been audited by a firm of chartered accountants other than S.R.Batliboi & Associates LLP. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year grouping / classification.

As per our reports of even date

For S.R.Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.:101049W/E300004

per Aniruddh Sankaran

Partner

Membership No. 211107

Place : Chennai

Date : April 27, 2018

**For and on behalf of the Board of Directors of
Equitas Holdings Limited**

Rangachary N

Chairman

DIN:00054437

Place : Bengaluru

Date : April 27, 2018

Bhaskar S

Executive Director and CEO

DIN:02360919

Place : Chennai

Srimathy R

Chief Financial Officer

Place : Chennai

Date : April 27, 2018

Viswanatha Prasad S

Director

DIN:00574928

Place : Chennai

Jayashree S Iyer

Company Secretary

ACS No.: A11569



Equitas Holdings Limited

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