Equitas Small Finance Bank Limited

April 03, 2018

Ratings

Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Non-Convertible Debenture issue I (EFL)	-	-	Withdrawn
Non-Convertible Debenture issue II (EFL)	-	-	Withdrawn

Details of instruments/facilities in Annexure-1

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers

CARE has withdrawn the rating assigned to the NCD issues amounting to Rs.50 crore and Rs.19.33 crore of Equitas Small Finance Bank Limited with immediate effect, as the Bank has repaid the aforementioned NCD issues in full and there is no amount outstanding under the issue as on date.

Analytical approach:

Not Applicable

Applicable Criteria

Policy on Withdrawal of ratings

About the Company

Equitas Small Finance Bank Limited (ESFB) is a Chennai-based SFB which has commenced its operations on September 05, 2016. ESFB was formed through amalgamation of three of the Equitas group entities. Equitas Holdings Ltd (EHL) is the holding company of ESFB. As on March 31, 2017, 100% stake in ESFB is held by EHL which is listed in NSE and BSE.

RBI has granted the final license to start SFB operations. One of the conditions that were stipulated by RBI is merger of three of Equitas Holdings Limited's (EHL) subsidiaries, namely, Equitas Micro Finance Limited (EMFL) and Equitas Housing Finance Limited (EHFL) with Equitas Finance Limited (EFL). The Madras High Court had approved the amalgamation of EMFL and EHFL with EFL. On amalgamation coming into effect, Equitas Finance Limited was renamed as Equitas Small Finance Bank on the same day.

ESFB is currently engaged in retail banking business with focus on micro-finance, vehicle finance, housing finance, business loans and loan against property (LAP) and providing financing solutions for individuals and micro and small enterprises (MSEs) that are underserved by formal financing channels while providing a comprehensive banking and digital platform for all. As on March 31, 2017, the company had a network of 284 liability branches and 611 asset branches, with deposits of Rs.1,921 crore and advances of Rs.5,702 crore.

During FY17, EHL reported PAT of Rs.159 crore on a total income of Rs.1,557 crore as against PAT of Rs.167 crore on a total income of Rs.1,115 crore in FY16.

Brief Financials (Rs. crore)	EHL (Consolidated) FY16 (A)	EHL (Consolidated) FY17 (A)
Total operating income	1,115	1,557
PAT	167	159
Interest coverage (times)	1.60	1.44
Total Assets	6,466	9,316
Net NPA (%)	0.95#	1.83
ROTA (%)	3.06	2.02

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

A: Audited; #NPA recognition based on 30+ DPD for EMFL and 150+ DPD for EFL.

Status of non-cooperation with previous CRA:

Not Applicable

Any other information:

Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures I (EFL)	-	-	-	50.00	Withdrawn
Debentures-Non Convertible Debentures II (EFL)	-	-	-	19.33	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Debentures-Non Convertible Debentures	LT	-	-	-	1)CARE A+; Stable (07-Jul-17)	1)CARE A+; Stable (14-Dec-16) 2)CARE A+ (21-Jul-16)	1)CARE A- (11-Aug-15)
2.	Debentures-Non Convertible Debentures	LT	-	-	-	1)CARE A+; Stable (07-Jul-17)	1)CARE A+; Stable (14-Dec-16) 2)CARE A+ (21-Jul-16)	1)CARE A- (11-Aug-15)
3.	Fund-based-Long Term	LT	-	-	-	1)Withdrawn (07-Jul-17)	1)CARE A+; Stable (14-Dec-16) 2)CARE A+ (21-Jul-16)	1)CARE A- (11-Aug-15) 2)CARE A- (22-Apr-15)
4.	Fund-based-Long Term	LT	609.82	CARE A+; Stable	-	1)CARE A+; Stable (07-Jul-17)	1)CARE A+; Stable (14-Dec-16) 2)CARE A+ (21-Jul-16)	1)CARE A (10-Mar-16) 2)CARE A (24-Jul-15)
5.	Debentures-Non Convertible Debentures	LT	60.00	CARE A+; Stable	-	1)CARE A+; Stable (07-Jul-17)	1)CARE A+; Stable (14-Dec-16) 2)CARE A+ (21-Jul-16)	1)CARE A (24-Jul-15)
6.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (07-Jul-17)	1)CARE A+; Stable (14-Dec-16) 2)CARE A+ (21-Jul-16)	1)CARE A (24-Jul-15)
7.	Debt-Subordinate Debt	LT	30.00	CARE A+; Stable	-	1)CARE A+; Stable (07-Jul-17)	1)CARE A+; Stable (14-Dec-16) 2)CARE A+ (21-Jul-16)	1)CARE A- (24-Jul-15) 2)CARE A- (02-Apr-15)
8.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (07-Jul-17)	1)CARE A+; Stable (14-Dec-16) 2)CARE A+ (21-Jul-16)	1)CARE A (24-Jul-15) 2)CARE A (28-May-15)
9.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (07-Jul-17)	1)CARE A+; Stable (14-Dec-16) 2)CARE A+ (21-Jul-16)	1)CARE A (24-Jul-15) 2)CARE A (15-Jun-15)

10.	Debentures-Non Convertible Debentures	LT	75.00	CARE A+; Stable	-	1)CARE A+; Stable (07-Jul-17)	1)CARE A+; Stable (14-Dec-16) 2)CARE A+ (21-Jul-16)	1)CARE A (01-Sep-15)
11.	Debentures-Non Convertible Debentures	LT	500.00	CARE A+; Stable	-	1)CARE A+; Stable (07-Jul-17)	1)CARE A+; Stable (14-Dec-16) 2)CARE A+ (12-Aug-16)	-
12.	Debentures-Non Convertible Debentures	LT	750.00	CARE A+; Stable	-	1)CARE A+; Stable (07-Jul-17)	1)CARE A+; Stable (14-Dec-16) 2)CARE A+ (06-Sep-16) 3)CARE A+ (24-Aug-16)	-
13.	Fund-based - LT-Term Loan	-	-	-	-	-	1)CARE A+; Stable (14-Dec-16)	-
14.	Debentures-Non Convertible Debentures	-	-	-	-	-	1)CARE A+; Stable (14-Dec-16)	-
15.	Debentures-Non Convertible Debentures	-	-	-	-	-	1)CARE A+; Stable (14-Dec-16)	-
16.	Debentures-Non Convertible Debentures	-	-	-	-	-	1)CARE A+; Stable (14-Dec-16)	-
17.	Debentures-Non Convertible Debentures	-	-	-	-	-	1)CARE A+; Stable (14-Dec-16)	-
18.	Debt-Subordinate Debt	-	-	-	-	-	1)CARE A+; Stable (14-Dec-16)	-
19.	Debentures-Non Convertible Debentures	-	-	-	-	-	1)CARE A+; Stable (14-Dec-16)	-

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