

ACADEMIC TASK NO – 1

Corporate Finance: FIN542

Equitas Small Finance Bank

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SUBMITTED BY: GROUP 4

SEC-Q2240



LOVELY
PROFESSIONAL
UNIVERSITY

(Master of Business Administration)

MITTAL SCHOOL OF BUSINESS

Annexure-V- Cover Page for Academic Tasks

Course Code: FINM542	
Course Title: Corporate Finance	
Course Instructor: Mr. Amanjot Singh Syan	
Academic Task No.: 01	
Academic Task Title: Equitas Small Finance Bank	
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Student's Roll No: RQ2240A14	Student's Reg. No: 12202342

Group No	Name	Registration number	Sec No	Roll Number	Peer Rating	Reason for given PEER Rating	Work done by the person
4	Soumoditta Dey	12200571	Q2240	RQ2240A13	05	Equal work	3 Articles
4	Nowneesh T	12202342	Q2240	RQ2240A14	05	Equal work	3 Articles
4	Muskan Kumari	12202351	Q2240	RQ2240A15	05	Equal work	3 Articles
4	Piyush Sudesh Yadav	12202353	Q2240	RQ2240A16	05	Equal work	3 Articles

EQUITAS SMALL FINANCE BANK LTD NEWS ANALYSIS

1ST NEWS: Equitas to Seek Universal Bank License After Merger.

Last updated: Jun 3, 2022, 04:00 IST

Analysis:

- The bank is forecasting loan growth at 30%. Liquidity is not at all an issue, and increases in interest rates and able to pass on their borrowers. They have got the RBI NOC for the. The bank has brought down the share of microfinance portfolio from 30% before Covid to 18% and increased the share of secured loans.
- Equitas Small Finance Bank is participated in retail banking with a focus on microfinance, commercial vehicle finance, home finance, loan-against-property finance, corporate finance, and financing solutions for individuals and micro and small enterprises.

2ND NEWS: Ujjivan, Equitas promoter holdings to fall to zero post mergers with SFBs.

Last updated: July 14, 2021, 22:31 IST

Analysis:

- Ujjivan SFB and Equitas SFB were trading at Rs 30.95, and Rs 67.25 a share on NSE. The reverse merge is useful for the investors of the holding organization since they will currently get shares of the bank on a specific offer trade proportion.
- NOFHC structure essentially that, every one of the organizations should work under a common umbrella, but as separate silos in order to protect the bank.
- In case of Ujjivan SFB, promoter shareholding, or the shareholding by the NOFHC was 83.32 per cent as in June 2021. For Equitas, the NOFHC held 81.98 per cent of the bank in March this year.

3RD NEWS: Equitas Small Finance Bank revises FD interest rates: Now get up to 7.25% on this tenure.

Last Updated: Sep 09, 2022, 11:31 AM IST

Analysis:

- Under this proposition, the financing costs for senior residents have been expanded to 7.82% and 7.47% for its NRE clients. Moneylenders have been raising financing costs on their stores as well as credits.
- This comes after the RBI's Monetary Policy Committee has raised the repo rate threefold in the beyond 90 days to 5.4 percent, to control inflation. Additionally, raised their interest rates in order to make up for the higher marginal cost of funds.

4TH NEWS: Equitas Small Finance Bank plans a super app, double down on fintech ties.

Last updated: August 01, 2022 / 07:38 AM IST

Analysis:

- The bank saw a 55 percent year-on-year development in CASA stores in the primary quarter of FY23. The bank as of late said it crossed Rs 1,000 crore in NRE deposits, for example accounts opened by NRIs. By December 2023, it hopes to twofold the book to Rs 2,000 crore.
- The bank has associations with neo banking platforms Niyu and Freo for CASA. The bank has plans to add more fintech accomplices in the coming months with accessing pan-India clients without the heavy investment of setting up a huge branch network. The bank has opened 15.5 lakh accounts with Niyu and with Freo, over 9,000 accounts had been opened For Q1 FY23, the bank detailed a benefit after tax (PAT) of 97 crore.

5TH NEWS: Equitas Small Fin Share Recommendations.

Analysis:

- Equitas Small Finance Bank currently has an Earnings Rating of 3, which is significantly more bearish than the Banks industry average of 7.1. Over the past 90 days, the consensus price target for EQUITASBNK has decreased notably from 71.30 to 62.30, a loss of -12.6%. Over the past 4 quarters, the company has reported 2 positives, 2 negative, and 0 in-line surprises.
- 12 analysts have given an average revenue target of Rs. 2580.72 Cr. for Equitas Small Finance Bank Ltd in FY22. Equitas Small Finance Bank Ltd reported annual revenue of Rs. 2576.09 Cr. in FY22, behind the analyst estimates by -0.18%.

6th NEWS: Equitas Small Finance Bank launches 3-in-1 account.

Last Updated: Dec 10, 2020, 15:22 IST

Analysis:

- The above news says that one account will contain 3 types of features. It attracts more customers into it.
- So the shares value was increased 5.4% in December 2020.
- The main reason of increasing value or share of the company was to invest funds across the investment products using a single platform.
- It also provided choice of investment including equity, mutual funds etc...,

7TH NEWS: Equitas SFB drops 9% as CEO seeks to hang up his boots.

Last Updated: May 20, 2022, 12:09 PM IST

Analysis:

- The private lender's founder and CEO, P N Vasudevan, has requested that it hunt for a replacement because he wants to pursue "a unique set of priorities" in life.
- He is also the managing director of Equitas, a company that started out as a microfinance organization in 2007 before becoming a bank in 2016.
- Equitas Small Finance Bank shares dropped after the announcement of CEO.
- The value of the ESFB continuously decreased up to June 17,2022. This news made a huge impact on the company in decreasing the share value.

8TH NEWS: Equitas gets final nod to start small finance bank

Last Updated: July 02, 2016 00:52 IST

Analysis:

- Equitas entered into small financial bank on last week of June and first week of July in 2016.
- After getting the various approval from Reserve bank of India, the managing director of Equitas holdings, P.N. Vasudevan said “We hope to start operations in next few months with a network of around 400 branches which would be established through the year”. So,

they created a new entity known as equitas small financial bank.

- The value of the equitas holdings increase from ₹174 to ₹183.95. Then we know that news article made a change in the value of the company. At the end of the July 2016, the value increase upto ₹196.15.
- This news made a huge impact on the company to make shareholders to increase their share value.

9TH NEWS: ESFB kicks off Digital Strategy 2.0

Last Updated: July 29, 2021, 09:39 IST

Analysis:

- Based on the analysis of the above content, ESFB is going to introduce its digital strategy because of Covid-19.
- Equitas SFB is a firm believer in the use of adaptive analytics to increase client business penetration.
- Cross-sell proposals are developed based on the small financing bank's analytics, which is based on consumer segments.
- To develop specialized cross-selling, up-selling, and customer service strategies, the data generated by a variety of products is analyzed.

10TH NEWS: HDFC Securities Partners with Equitas SFB to offer Demat, Trading Services

Last Updated: Jul 25, 2022, 3:45 PM IST

Analysis:

- This tie up will provide ESFB customers 30 investment vehicles, spanning asset classes such as stocks, gold, real estate and debt instruments. The company will also offers investment and direct trading services through buying and selling of equities, along with currency derivatives, mutual funds, NCDs, fixed deposits, bonds, and more.
- With the assist of HDFC Securities, Equitas Small Finance Bank will now be able to provide better solutions for trader and investor segment thereby empowering them in addition with the 3-in-1 account. This partnership will ensure ESFB customers have a problem-free manner to transact shop and invest thru a single account.
- This tie-up will provide customers of Equitas with additional investment avenues,

enabling them with more choices and allocating their savings across asset classes. Customers will have access to the latest technology, making it user-friendly to open a digital account with zero charges.

11TH NEWS: Equitas Small Finance Bank to Launch Exclusive Savings Accounts for Kids

Last Updated: Jun 17, 2022

Analysis:

- Equitas Small Finance Bank on 19th June, 2022 launched an exclusive savings account for kids named 'ENJOI' to coincide with Father's Day which will help at introducing young kids to the financial world and encourages them to develop the saving habit early.
- Focused at the subject of training and literacy, economic or otherwise, ENJOI account holders can even have access to one-of-a-kind offers from ed-techs and online mastering vendors.
- This will permit younger kids, who are the destiny of day after today, to control finance and get more familiar with finance world. The financial institution will also provide personalized debit cards which will be complimentary for the primary year and can also be enjoyed free for the entire life via keeping the desired balances. This will help children get along with what is debit card and how to use it.

12thNEWS: Equitas Small Finance Bank reports eight-fold jump in net profit

Last Updated: Jul 28, 2019

Analysis

- The news related to equitass small finance bank's interest income rose 15% to Rs 940.4 crore, while other income grew 28% to Rs 133 crore. Operating profit for the quarter jumped 63% to Rs 268 crore.
- Equitas small finance bank reported an eight-fold jump in net profit at Rs 97 crore for the June quarter, backed by both core and other income and improvement in asset quality. It earned a net profit of Rs 12 crore in the year-ago period.

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