# ACADEMIC TASK NO – 1

**Corporate Finance**

FINM542

# Equitas Small Finance Bank

## Submitted To – Mr. Amanjot Singh Syan

### SUBMITTED BY:GROUP 4 SEC-Q2240



(Master of Business Administration)

MITTAL SCHOOL OF BUSINESS

## Annexure-V- Cover Page for Academic Tasks

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| **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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**5th NEWS: Equitas Small Finance Bank launches 3-in-1 account**

**Content:**  
CHENNAI: [Equitas Small Finance Bank](https://timesofindia.indiatimes.com/topic/equitas-small-finance-bank) has launched a three-in-one account -- [savings](https://timesofindia.indiatimes.com/topic/savings) + trading+ [demat](https://timesofindia.indiatimes.com/topic/demat) -- to enable its customers to keep all their banking and financial investments under one umbrella entity.  
 This product will allow customers to invest in their choice of investment instruments including equity, FDs, govt securities and mutual fund products.  
 The bank provides stock broking and demat services through referral arrangement with brokerage firms for trading and depository services. These arrangements enable [Equitas](https://timesofindia.indiatimes.com/topic/equitas) Savings Bank customers to invest funds across the investment products using a single platform.  
 Mr. Murali Vaidyanathan, president & country head- branch banking, liabilities, product & wealth, Equitas Small Finance Bank Ltd, said, “This product allows customers a secure seamless and convenient way to invest in their choice of investment instruments including equity, FDs, govt securities and mutual fund products.”

**Analysis:**

1. The above news says that one account will contain 3 types of features. It attracts more customers into it.

2. So the shares value was increased 5.4% in December 2020.

3. The main reason of increasing value or share of the company was to invest funds across the investment products using a single platform.

4. It also provided choice of investment including equity, mutual funds etc...,

**References:**

1. <https://timesofindia.indiatimes.com/business/india-business/equitas-small-finance-bank-launches-3-in-1-account/articleshow/79660913.cms?from=mdr>

**6th NEWS: Equitas SFB drops 9% as CEO seeks to hang up his boots**

**Content:**

The stock price of Equitas Small Finance Bank tanked nearly 11 per cent to ₹52.95 apiece on the National Stock Exchange (NSE) after its founder PN Vasudevan’s announcement of stepping down to pursue ‘his distinct set of goals in life’.Equitas Bank opened at ₹55.5 on the NSE. It touched an intraday high of ₹58.05 before tumbling to a low of ₹51.55 and closed at ₹52.95.

The fall in Equitas Bank stock comes even as the key Indian benchmark indices Nifty50 and BSE Sensex soared nearly 3 per cent on Friday.

Although the brokerage retained its ‘Buy’ rating for both Equitas SFB and Equitas Holdings, it has reduced its target price for both the stocks. For Equitas SFB, it has cut the target price to ₹67 from ₹75, factoring in a 10 per cent discount relating to management succession/transitional risk. For Equitas Holdings, it slashed the target price to ₹146 from ₹164.

The stocks of Equitas Holdings tumbled over 7 per cent to ₹108.10 apiece on NSE on Friday.

**Analysis:**

1. 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.
2. 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.
3. Equitas Small Finance Bank shares dropped after the announcement of CEO.
4. 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.

**References:**

1. <https://www.thehindubusinessline.com/markets/stock-markets/equitas-sfb-stock-tumbles-nearly-11-on-md-ceos-exit-announcement/article65439383.ece>
2. <https://economictimes.indiatimes.com/markets/stocks/news/equitas-sfb-drops-9-as-ceo-md-seeks-to-hang-up-his-boots/articleshow/91681616.cms>

**7th NEWS: Equitas gets final nod to start small finance bank**

**Content:**

Equitas Holdings on Friday said it has received the final approval from Reserve Bank of India (RBI) to start operations as Small Finance Bank (SFB). The new entity will be known as Equitas Small Finance Bank Limited and begin banking operations after receiving few other approvals from various departments of RBI and other agencies, it said. “We hope to start operations in next few months with a network of around 400 branches which would be established through the year,” P. N. Vasudevan, Managing Director, Equitas Holdings said. Shares of Equitas Holdings gained 3.60 per cent on the BSE to close at Rs. 183.95.

**Analysis:**

1. Equitas entered into small financial bank on last week of June and first week of July in 2016.
2. 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.
3. 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.
4. This news made a huge impact on the company to make shareholders to increase their share value.

**References:**

1. <https://www.thehindu.com/business/Industry/Equitas-gets-final-nod-to-start-small-finance-bank/article14465425.ece>

**8th NEWS: ESFB kicks off Digital Strategy 2.0**

**Content:**

Equitas SFB like any other bank faced challenges both in internal digitization and digitizing customer facing products. These products included Liability products, Asset products, those used by Corporates SMEs and MSMEs as well as Payment and Transaction.

As the pandemic dawned upon the nation, it became essential for the bank to roll out its Digital 2.0 strategy to overcome the handicaps created by Covid-19.

Employing over 16,000 people, Equitas Small Finance Bank functions across 17 states and union territories in India with 861 Banking Outlets and 330 ATMs and 296 Business Correspondents.

For FY21, the bank recorded a revenue of Rs. 2216 Crores.On the Liability side, the bank created the Selfe stack which included a digital only Savings Account and Fixed Deposit for the customer on a Do-It-Yourself (DIY) model. The automation resulted in heavy focus on digital customer acquisitions and brought down the per customer acquisition cost substantially. It provided an end to end digital experience to the customer who could just visit our website and open an account or book a deposit. Video KYC was a welcome move from the regulator that further helped enhance the experience.

**Analysis:**

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

**References:**

1. <https://cio.economictimes.indiatimes.com/news/strategy-and-management/equitas-small-finance-bank-kicks-off-digital-strategy-2-0/84848255>