



Publication: Business Standard

Edition: All

Date: July 02, 2016

Page No: 03

Equitas gets final licence for small finance bank

TENNARASIPAN
Chennai, 1 July

Chennai-based Equitas Holdings has got a licence from the Reserve Bank of India to start a small finance bank (SFB). It is expected to start operations by September or October.

The final licence (the earlier one was in-principle clearance, subject to various conditions to be met) was given to the company on Thursday evening. It has been providing microfinance, used commercial vehicle finance and small enterprise loans, and housing finance services.

Some more approvals still have to be obtained from various departments of RBI and other agencies, said Equitas. It will be the first bank to be set up after 1947 from the state and the first private bank from this city.

P N Vasudevan, managing director, said they expected the SFB to be profitable from the first year onwards, despite an estimated ₹100 crore a year rise in costs. "Our major strength would be our ability to service the informal economy through our (existing) processes and systems," he said. The increase in expenditure would mainly be due to relocation of branches and additional staff costs. Over time, the cost of funds would come down. "Every one per cent reduction in cost of funds means around ₹50 crore saving every year," said Vasudevan.