Dated: 12 Jun 2026

Equitas Small Finance Bank (EQUITASB) - BUY

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs.71	**Rs.95**

Rationale:

- Equitas SFB hosted an analyst day in Mumbai yesterday to showcase its business strategy and leadership team.
- Management shared a 5-year outlook suggesting 21% advances CAGR and steady-state Return on Assets (RoA) of 1.5%.
- Asset quality has shown negligible signs of stress as of now from the West Asia conflict, while business growth remains strong.
- We continue to like Equitas as a play on the benign credit environment.
- Retain BUY with FV of Rs95 (Rs90 earlier).

Positives:

- Management guidance suggests strong outlook for the next five years.
- Management believes that the overall macro environment seems favorable for the bank to revert back to healthy business growth.
- Advances of Rs1.2 lakh cr (implying 5-year CAGR of 21%) for FY31 with unsecured mix at 15%, within which 10% will be microfinance.
- Deposits reaching ~Rs1.3 lakh cr by March 2031, implying deposit CAGR of 23%. CASA ratio of 30-33%.
- Cost-income ratio is expected to moderate further in 2HFY27, driven by operating leverage from advances growth.

Negatives:

- The key near-term risk to this thesis is from the West Asia crisis, which might impact cashflows for certain borrower segments and impair their loan repayment ability.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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