Pick of the Week

BUY – Equitas Small Finance Bank (EQUITASB)

CMP: ₹**82.6** as on 10 Jul 2026

Fair Value (FV): ₹95 | Time Period: **12 months**

Why Invest?

- After two years toward resolving asset-quality challenges (in microfinance and Karnataka mortgages), management focus has shifted back to business growth and franchise-building.
- At its scale, the growth opportunity for Equitas remains large.
- 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.
- If the broader environment remains stable and Equitas is able to execute on its strategy, the bank has the potential to deliver healthy Return on Equity (RoE).
- At our FV of Rs95, we value the bank at 1.4X June 28E BVPS and 10X EPS. It remains one of our top picks among small banks.

Maintain BUY with FV Rs-95

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.
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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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