Dated: 19th December 2025

SBI Cards and Payment Services (SBICARD) - ADD

Company Update

Current Market Price (CMP)	Target Price
Rs. 848	**Rs. 975**

Rationale:

- Asset Quality is likely to improve, led by a decline in the formation of Special Mention account and its flow rates
- Recovery in spending and SBICARD would be able to defend its market share.
- Loan growth would be gradual and cost-income ratio is likely to be at 55-57%.
- We maintain ADD with Fair Value of Rs. 975/-.

Company update:

Positives:

- Management highlighted a visible improvement in bad loan formation measurement through stage 2 and stage 3 loans, flow rate, slippages, write – offs, and/or through credit costs. H2FY26 credit costs are likely to be lower.
- Management indicated steady traction in consumer spends, with SBICARD defending its market share well and gaining ground in corporate spends.
- Earnings growth is poised to accelerate, driven by a sustained reduction in credit costs.

Negatives:

- Valuatoins still not cheap.
- Recent reduction in rates will take some time to see its impact in Net Interest Margin (“NIM”).

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 The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.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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