

# SBI Cards and Payment Services

## Slow grind toward steady state

SBI Cards and Payment Services (SBICARD) continues with its calibrated approach toward customer acquisitions amidst asset quality woes. New card issuances remained tepid during Oct'25-Nov'25, in line with FY26 trends and ~55% down compared to FY23 levels. While the pace of new card issuances remains muted, the higher share of non-salaried customers and customers from beyond Tier II locations remain a concern. SBICARD's profitability is likely to remain subdued in the near term with gradual improvement during FY27 on the back of normalization in credit costs. However, as highlighted earlier, the new-normal RoA/RoE is likely to be significantly below the pre-Covid level. We hack our FY26E/FY27E/FY28E earnings estimates to factor in lower growth in CIF and fee income and maintain REDUCE with a revised RI-based TP of INR 690 (implying 3.4x Sep-27 ABVPS; 19x Sep-27 EPS).

- **Muted customer acquisitions; rebound in corporate spends:** SBICARD's CIF growth moderated further to 8.5% YoY in Nov 2025 vs. 10.2% in FY25 due to muted new card issuances, leading to a marginal drop in the CIF market share to 18.9%. While the stringent gating criteria amidst asset quality woes is a positive, higher share of self-employed and Tier II & beyond locations in incremental card sourcing remain a concern. Corporate spends has witnessed a healthy rebound following a muted FY25, driving spends market share to 17.5% in FY26 (till Nov-25) vs. 15.7% in FY25.
- **Earnings headwinds remain:** SBICARD's earnings continue to remain under pressure with sustained headwinds on revenue pools. The share of interest earning receivables has continued to hover ~60% since Mar-22 (56% in Q2FY26) vs. 67-70% during pre-pandemic times. Fee pools such as instance-based fees and interchange fees remain under pressure amidst competitive and regulatory headwinds (rental payments, overlimit charges, etc.). However, the wedge between other income and opex has remained favorable during FY24-FY25 and is likely to narrow gradually, with an uptick in card acquisitions and spend campaigns.
- **Asset quality challenges continue to persist:** SBICARD's asset quality continues to remain sub-par over the past couple of years (gross credit costs/write-offs at 8.9%/8.8% in Q2FY26). The limited visibility of meaningful credit cost normalization despite significant write-offs, tightened gating criteria, and significantly lower revolving loans portfolio continues to remain a concern.
- **Earnings yet to stabilize, valuations remain expensive:** SBICARD's profitability has been impacted adversely post pandemic (RoA/RoE of 2.6%/12.1% in Q2FY26 vs. 4.8%/29.1% in FY19). The structural issues around several profit pools are likely to keep profitability lower compared to pre-pandemic levels. While the stock has delivered subdued shareholder returns (3yr/5yr CAGR of 4%/-1%) with significant valuation de-rating, current valuations (4.3x Sep-27 ABVPS, 24x Sep-27 EPS) still seem expensive amidst muted financial performance and profitability outlook. Maintain REDUCE.

### Financial Summary

Y/E Mar (INR bn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
NII	45.1	53.3	61.7	69.4	75.7	87.4
PPOP	51.9	65.2	74.5	80.0	88.1	99.1
PAT	22.6	24.1	19.2	22.8	31.5	37.2
EPS (INR)	23.9	25.3	20.1	24.0	33.1	39.1
ROAE (%)	25.7%	22.0%	14.8%	15.4%	18.3%	18.2%
ROAA (%)	5.6%	4.6%	3.1%	3.4%	4.3%	4.5%
ABVPS (INR)	100.2	121.9	136.5	158.9	187.8	221.4
P/ABV (x)	8.7	7.2	6.4	5.5	4.7	3.9
P/E (x)	36.6	34.5	43.4	36.4	26.4	22.4

Source: Company, HSIE Research

## REDUCE

CMP (as on 05 Jan 2026)	INR 874
Target Price	INR 690
NIFTY	26,250

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 720	INR 690
EPS %	FY26E	FY27E
	-12.6%	-9.3%

### KEY STOCK DATA

Bloomberg code	SBICARD IN
No. of Shares (mn)	952
MCap (INR bn) / (\$ mn)	831/9,206
6m avg traded value (INR mn)	989
52 Week high / low	INR 1,027/700

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(2.1)	(4.0)	20.7
Relative (%)	(7.3)	(6.4)	12.9

### SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	68.6	68.6
FIs & Local MFs	17.5	17.8
FPIs	10.2	10.1
Public & Others	3.7	3.6
Pledged Shares	0.0	

Source: BSE

Pledged shares as % of total shares

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**Exhibit 1: Net monthly credit card issuances remained muted for SBICARD and industry**

('000)	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	2Q FY26	Oct-25	Nov-25
HDFCB	272	160	349	238	248	357	247	232	216	265	144	209
SBICARD	194	177	201	137	117	116	220	192	123	103	127	110
AXSB	128	212	146	209	82	111	2	34	52	123	80	66
KMB	100	104	88	54	-146	-71	-94	-60	-87	-9	1	25
RBK	68	64	77	51	22	-13	-60	-70	-47	-73	-18	0
IIB	57	46	67	53	33	10	32	15	8	-3	-1	-39
IDFCB	45	80	106	112	80	88	72	87	74	92	92	80
BOBCARD	20	53	26	92	22	74	43	35	-5	15	-80	25
YES	26	54	55	82	50	25	39	8	118	-44	34	38
<b>INDUSTRY</b>	<b>1,126</b>	<b>1,445</b>	<b>1,629</b>	<b>1,299</b>	<b>670</b>	<b>767</b>	<b>648</b>	<b>610</b>	<b>438</b>	<b>731</b>	<b>628</b>	<b>848</b>

Source: RBI, HSIE Research | Note: HDFC securities is a subsidiary of HDFC Bank

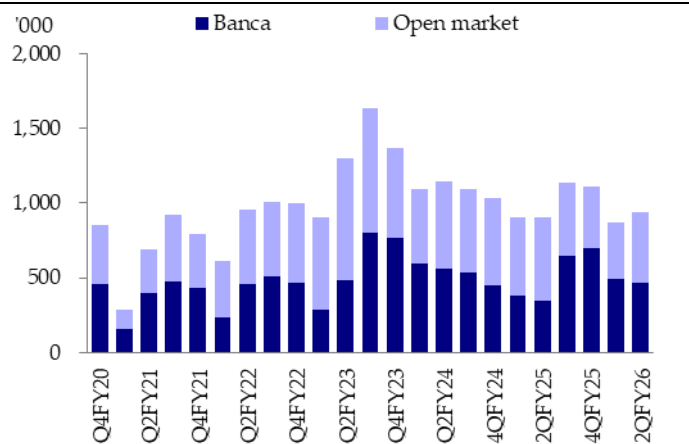
**Exhibit 2: SBICARD has maintained CIF market share post decline in FY24**

(%)	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Sep-25	Oct-25	Nov-25
HDFCB	26.5%	25.1%	24.2%	22.5%	20.6%	20.2%	21.7%	22.3%	22.3%	22.3%
SBICARD	17.6%	18.3%	19.1%	18.7%	19.7%	18.6%	19.0%	19.0%	19.0%	18.9%
AXSB	12.7%	12.1%	11.5%	12.3%	14.2%	14.0%	13.6%	13.6%	13.6%	13.6%
KMB	4.3%	4.0%	3.9%	4.3%	5.8%	5.8%	4.4%	4.0%	4.0%	4.0%
RBK	3.6%	4.6%	4.8%	5.0%	5.2%	5.1%	4.4%	3.9%	3.9%	3.9%
IIB	2.3%	2.3%	2.5%	2.6%	2.6%	2.8%	2.9%	2.8%	2.8%	2.7%
IDFCB	0.0%	0.0%	0.4%	1.1%	1.8%	2.5%	3.2%	3.6%	3.6%	3.7%
BOBCARD	0.5%	0.8%	1.0%	1.5%	2.3%	2.5%	2.8%	2.7%	2.6%	2.6%
YES	1.1%	1.5%	1.5%	1.6%	1.7%	2.0%	2.2%	2.3%	2.4%	2.4%

Source: RBI, HSIE Research | Note: HDFC securities is a subsidiary of HDFC Bank

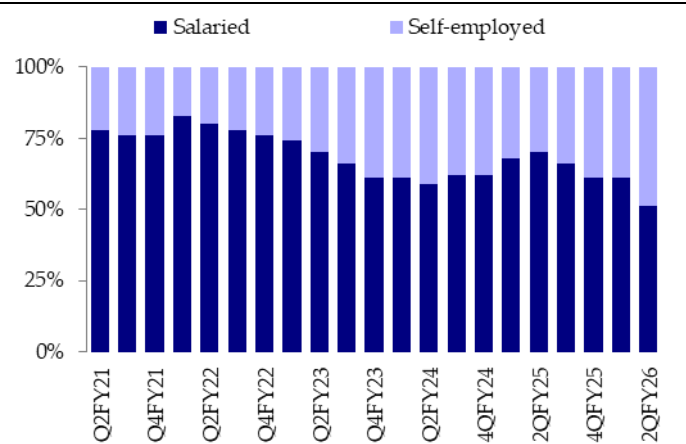
## SBI Cards and Payment Services: Company Update

**Exhibit 3: Pace of gross new account additions has moderated post FY23**



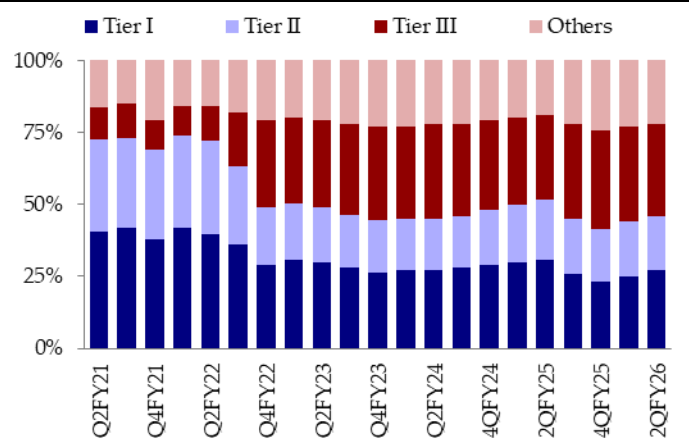
Source: Company, HSIE Research

**Exhibit 4: Share of self-employed customers continue to inch up in incremental card sourcing**



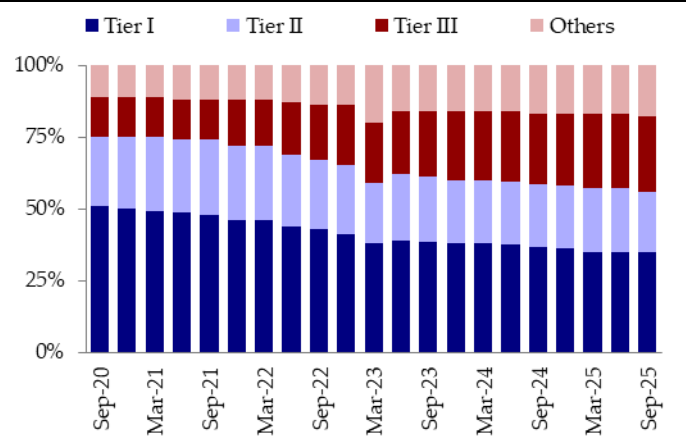
Source: Company, HSIE Research

**Exhibit 5: Shift of new card additions towards Tier III & beyond cities by SBICARD**



Source: Company, HSIE Research

**Exhibit 6: CIF mix – gradually shifting beyond Tier I cities**



Source: Company, HSIE Research

## SBI Cards and Payment Services: Company Update

**Exhibit 7: SBICARD's spends market share gradually improving, post a sharp decline in FY25**

(%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Q2FY26	Oct-25	Nov-25
HDFCB	28.1%	28.8%	30.9%	26.3%	27.9%	27.0%	27.1%	28.0%	28.9%	29.4%
<b>SBICARD</b>	<b>17.0%</b>	<b>17.9%</b>	<b>19.4%</b>	<b>19.1%</b>	<b>18.2%</b>	<b>17.8%</b>	<b>15.7%</b>	<b>17.7%</b>	<b>18.7%</b>	<b>18.0%</b>
AXSB	10.2%	10.4%	8.4%	8.6%	9.4%	11.9%	11.6%	11.7%	11.4%	10.9%
KMB	2.7%	2.7%	2.5%	2.6%	3.2%	3.9%	3.9%	3.0%	3.0%	3.1%
RBK	2.7%	4.0%	4.7%	4.5%	4.2%	4.3%	4.1%	3.5%	3.5%	3.6%
IIB	4.2%	4.1%	4.1%	4.7%	5.1%	4.9%	4.9%	4.4%	2.5%	2.7%
IDFCB	0.0%	0.0%	0.1%	1.1%	1.3%	1.5%	1.9%	2.1%	2.3%	2.3%
BOBCARD	0.2%	0.3%	0.5%	0.7%	1.2%	1.4%	1.6%	1.7%	1.7%	1.8%
YES	0.7%	0.9%	1.0%	0.9%	1.1%	1.3%	1.6%	1.8%	1.8%	1.9%

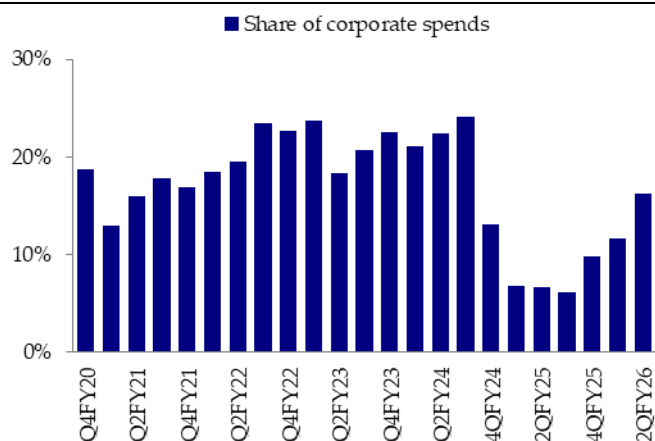
Source: RBI, HSIE Research | Note: HDFC securities is a subsidiary of HDFC Bank

**Exhibit 8: SBICARD's monthly spends per card remain below industry average**

(INR' 000)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Q2FY26	Oct-25	Nov-25
HDFCB	12.2	13.0	11.0	13.5	19.5	21.6	21.4	22.5	24.4	21.8
<b>SBICARD</b>	<b>11.8</b>	<b>11.6</b>	<b>9.1</b>	<b>12.1</b>	<b>14.2</b>	<b>15.3</b>	<b>13.9</b>	<b>16.6</b>	<b>18.5</b>	<b>15.6</b>
AXSB	9.9	9.8	6.2	8.6	10.6	13.8	14.0	15.4	15.8	13.2
KMB	7.9	7.6	5.6	7.5	9.5	11.0	12.5	13.1	14.3	12.9
RBK	10.9	11.0	8.7	10.9	12.3	13.8	14.5	15.4	16.8	15.2
IIB	22.7	20.7	15.0	22.4	29.4	29.4	28.3	27.6	16.9	16.3
IDFCB	NA	NA	6.6	17.0	13.1	11.4	10.9	11.0	12.2	10.6
BOBCARD	5.7	6.0	5.0	6.5	9.4	9.7	10.4	10.9	12.0	11.1
YES	8.9	7.8	5.7	6.8	9.9	11.7	12.8	13.0	14.7	13.5
<b>INDUSTRY</b>	<b>11.9</b>	<b>11.6</b>	<b>8.8</b>	<b>12.0</b>	<b>15.0</b>	<b>16.3</b>	<b>16.6</b>	<b>17.9</b>	<b>18.8</b>	<b>16.5</b>

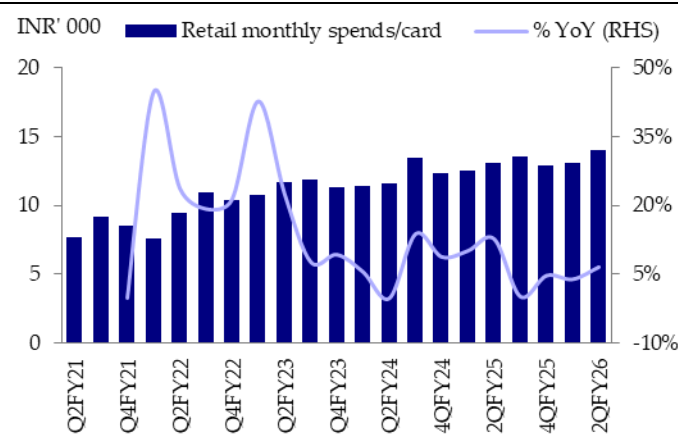
Source: RBI, HSIE Research | Note: HDFC securities is a subsidiary of HDFC Bank

**Exhibit 9: Share of corporate spends rebounding following a sharp drop**



Source: Company, HSIE Research

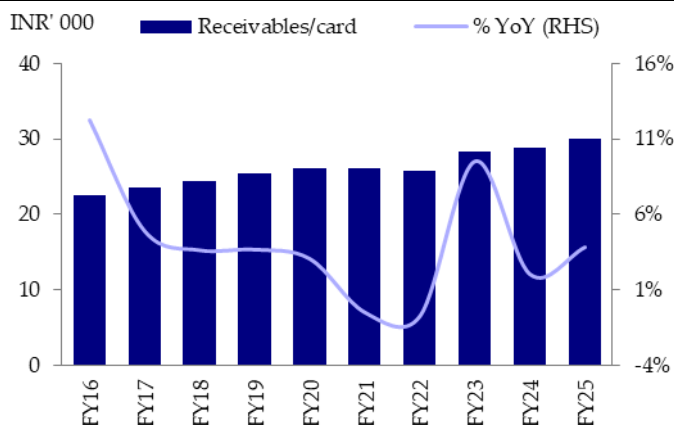
**Exhibit 10: Retail monthly spends per card showing a steady trend**



Source: RBI, Company, HSIE Research

# SBI Cards and Payment Services: Company Update

**Exhibit 11: Receivables per card for the industry have moderated**



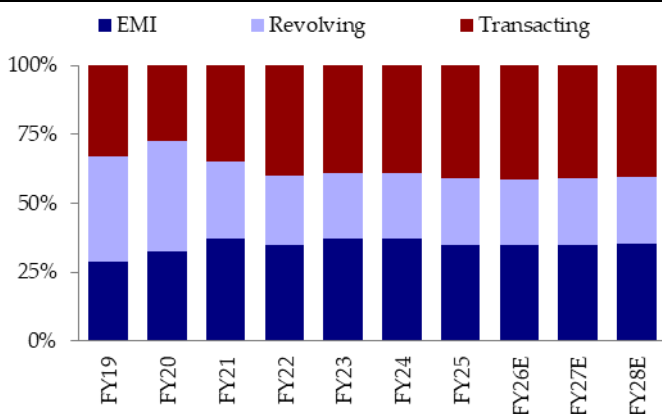
Source: RBI, Company, HSIE Research

**Exhibit 12: SBICARD's receivables per card remain below industry average**

(INR' 000)	FY21	FY22	FY23	FY24	FY25
HDFCB	43.2	46.4	49.1	48.7	47.6
<b>SBICARD</b>	<b>19.8</b>	<b>21.9</b>	<b>23.5</b>	<b>26.0</b>	<b>25.9</b>
AXSB	18.5	17.5	26.1	29.1	28.5
KMB	16.5	17.4	20.5	24.4	27.7
RBK	41.1	36.3	37.6	40.3	42.2
IIB	29.7	29.4	37.7	37.1	35.0
<b>INDUSTRY</b>	<b>26.0</b>	<b>25.8</b>	<b>28.3</b>	<b>28.8</b>	<b>29.9</b>

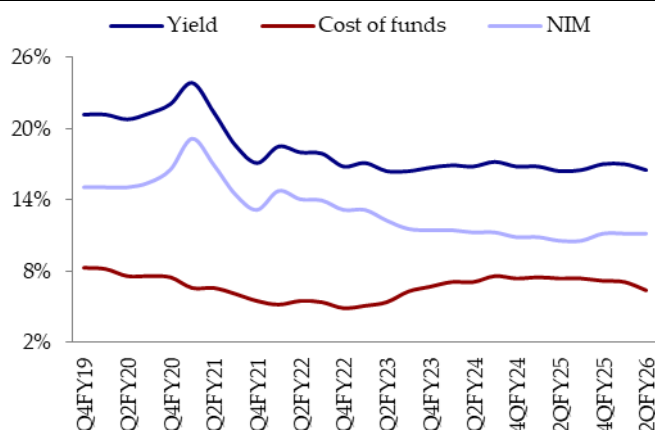
Source: RBI, Company, HSIE Research | Note: HDFC securities is a subsidiary of HDFC Bank | HDFC Bank: Payments Business; RBK: Includes PLCC

**Exhibit 13: EMI loans mix – reducing share of interest-earning loans**



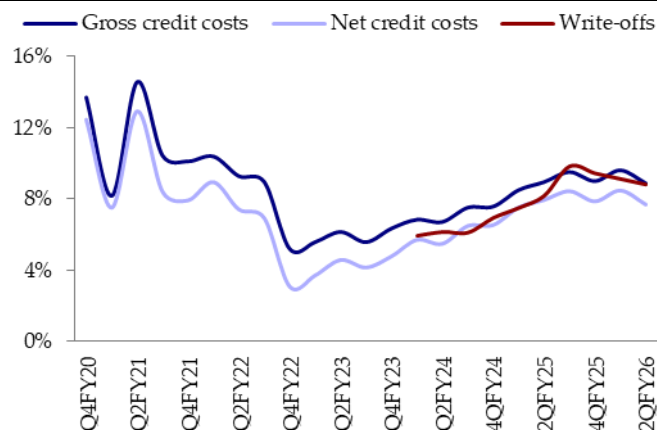
Source: Company, HSIE Research

**Exhibit 14: Stabilizing NIMs with lower cost of funds offsetting reducing yields**



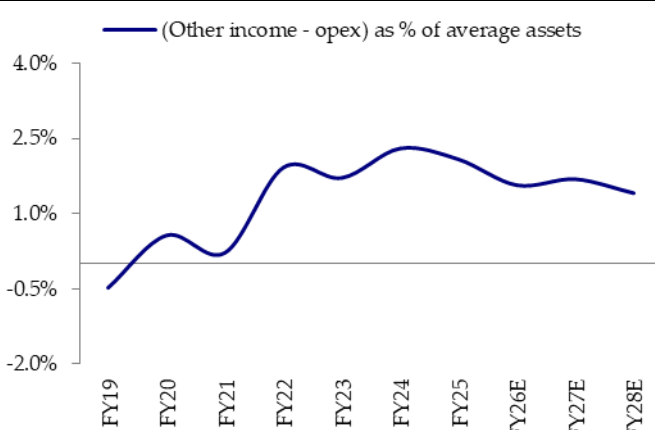
Source: Company, HSIE Research | Note: Reported numbers

**Exhibit 15: Credit costs (annualized) continues to remain elevated**



Source: Company, HSIE Research | Note: Reported numbers

**Exhibit 16: Wedge between other income and opex has increased significantly**



Source: Company, HSIE Research

# SBI Cards and Payment Services: Company Update

## Exhibit 17: SBICARD's fee pools under pressure

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Spends-based fees as % of spends	1.59%	1.56%	1.40%	1.37%	1.36%	1.30%	1.17%	1.21%	1.20%	1.20%
Subscription fee/card (INR)	599	690	629	624	635	633	611	562	574	585
Instance-based fees (INR)	1,368	1,369	1,334	1,462	1,358	1,536	1,448	1,390	1,432	1,475
Service charges (bps)	12	9	11	7	6	5	4	3	4	4
Business development incentive income (bps)	21	25	24	24	28	22	18	18	19	20

Source: Company, HSIE Research

- **A structural break in earnings profile:** SBICARD's earnings profile has been adversely impacted by multiple headwinds such as subdued revolve mix, regulatory headwinds on fee income and rising delinquencies. While we expect elevated delinquencies to normalize, going ahead, the steady-state RoE is likely to be ~400-500bps below pre-Covid levels.

We reduce our FY26E/FY27E/FY28E earnings estimates by 13%/9%/11% to factor in lower growth in CIF and fee income. We maintain REDUCE with a revised RI-based TP of INR 690 (implying 3.4x Sep-27 ABVPS).

## Exhibit 18: Change in estimates

(INR bn)	FY26E			FY27E			FY28E		
	Old	New	Change	Old	New	Change	Old	New	Change
AUM	617	598	-3.0%	716	670	-6.4%	830	774	-6.7%
NIM (%)	10.4	10.3	-7 bps	10.6	10.4	-21 bps	11.0	10.6	-39 bps
NII	70.9	69.4	-2.1%	81.0	75.7	-6.5%	96.3	87.4	-9.3%
PPOP	83.4	80.0	-4.1%	95.0	88.1	-7.3%	110.6	99.1	-10.4%
PAT	26.1	22.8	-12.6%	34.8	31.5	-9.3%	41.7	37.2	-10.8%
Adj. BVPS (INR)	161.8	158.9	-1.8%	193.8	187.8	-3.1%	233.9	221.4	-5.3%

Source: Company, HSIE Research

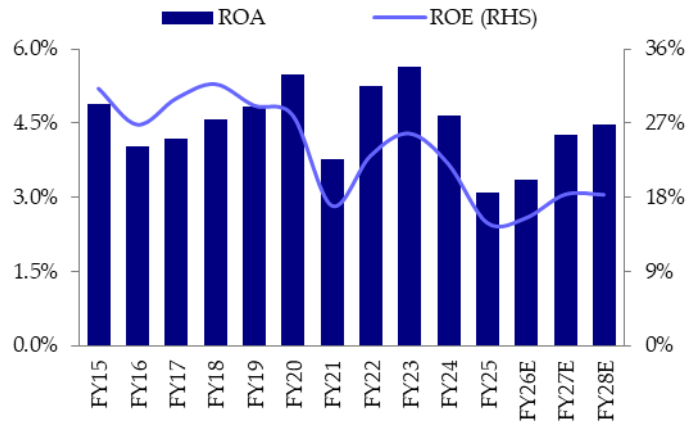
## Exhibit 19: Shifting RoA profile of SBICARD – significant shift compared to pre-Covid levels

(% of average assets)	FY19	FY24	FY25	FY26E	FY27E	FY28E
Interest earned	20.0%	15.3%	15.1%	14.9%	14.8%	15.0%
Interest expended	5.7%	5.0%	5.1%	4.6%	4.6%	4.5%
Net interest income	14.4%	10.3%	10.0%	10.2%	10.3%	10.5%
Other income	20.8%	18.4%	15.0%	15.8%	16.7%	16.6%
Opex	21.2%	16.1%	12.9%	14.2%	15.0%	15.2%
PPoP	13.9%	12.6%	12.0%	11.8%	11.9%	11.9%
Non-tax provisions	6.4%	6.3%	7.9%	7.3%	6.2%	5.9%
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax expenditure	2.6%	1.6%	1.1%	1.2%	1.5%	1.5%
RoAA	4.8%	4.6%	3.1%	3.4%	4.3%	4.5%
Assets/Equity (x)	6.0	4.7	4.8	4.6	4.3	4.1
RoAE	29.1%	22.0%	14.8%	15.4%	18.3%	18.2%

Source: Company, HSIE Research

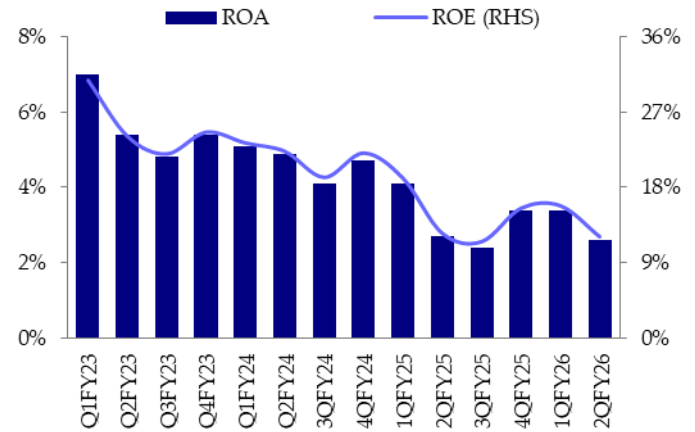
## SBI Cards and Payment Services: Company Update

**Exhibit 20: Expect RoA/RoE to gradually improve during FY27-FY28E**



Source: Company, HSIE Research

**Exhibit 21: RoA/RoE consistently deteriorating**



Source: Company, HSIE Research

**Exhibit 22: SBICARD witnessed significant valuation de-rating post listing**



Source: Bloomberg, HSIE Research

## Financials

### Income Statement

(INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest earned	61,530	79,271	93,473	100,950	109,585	124,958
Interest expended	16,476	25,952	31,784	31,543	33,915	37,577
Net interest income	45,053	53,319	61,689	69,408	75,671	87,381
Other income	81,327	95,564	92,899	107,295	123,291	138,150
Total income	126,380	148,883	154,588	176,703	198,962	225,531
Operating expenditure	74,484	83,691	80,066	96,681	110,879	126,454
Pre-provisioning operating profit	51,896	65,192	74,522	80,022	88,082	99,077
Non-tax provisions	21,591	32,874	48,715	49,390	45,753	49,211
Profit before tax	30,306	32,318	25,807	30,632	42,329	49,867
Share of net profit of associates and joint ventures	0	0	0	0	0	0
Exceptional gain/(loss)	0	0	0	0	0	0
Tax expenditure	7,721	8,239	6,643	7,811	10,794	12,716
Profit attributable to non-controlling interests	0	0	0	0	0	0
Profit after tax	22,585	24,079	19,164	22,821	31,535	37,151
Adjusted Profit after tax	22,585	24,079	19,164	22,821	31,535	37,151

Source: Company, HSIE Research

### Balance Sheet

(INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share capital	9,461	9,510	9,514	9,514	9,514	9,514
Reserves and surplus	88,840	111,203	128,150	148,592	177,273	210,618
Net worth	98,300	120,840	137,817	158,259	186,940	220,286
Borrowings	311,096	398,911	449,466	486,477	521,867	595,916
Other liabilities and provisions	46,059	61,961	68,175	57,854	64,534	74,493
Total equity and liabilities	455,456	581,712	655,458	702,590	773,341	890,694
Cash and cash equivalents	13,545	27,296	27,382	25,292	15,773	18,250
Investments	21,397	35,191	62,351	69,807	78,855	89,078
Advances	393,610	490,790	539,346	578,539	647,279	747,169
Fixed assets	5,737	5,644	3,303	3,798	4,368	5,023
Other assets	21,168	22,791	23,076	25,153	27,067	31,174
Total assets	455,456	581,712	655,458	702,590	773,341	890,694

Source: Company, HSIE Research



# SBI Cards and Payment Services: Company Update

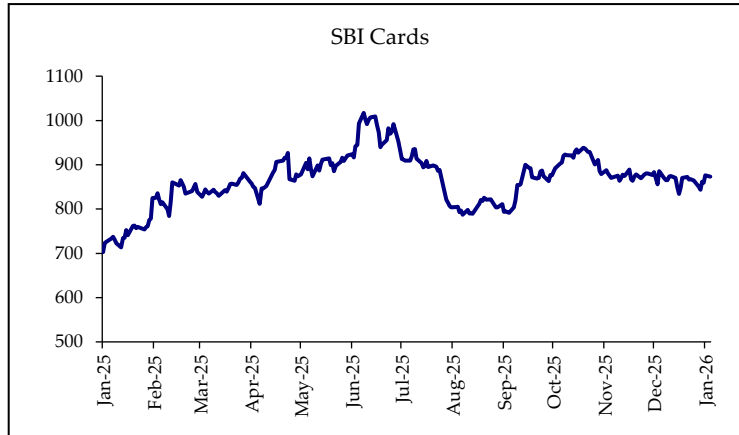
## Key Ratios

	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>VALUATION RATIOS</b>						
EPS (INR)	23.9	25.3	20.1	24.0	33.1	39.1
Earnings Growth (%)	39.7%	6.6%	-20.4%	19.1%	38.2%	17.8%
BVPS (ex reval.) (INR)	104	127	145	166	196	232
Adj. BVPS (ex reval. & 100% cover) (INR)	100.2	121.9	136.5	158.9	187.8	221.4
ROAA (%)	5.6%	4.6%	3.1%	3.4%	4.3%	4.5%
ROAE (%)	25.7%	22.0%	14.8%	15.4%	18.3%	18.2%
P/E (x)	36.6	34.5	43.4	36.4	26.4	22.4
P/ABV (x)	8.7	7.2	6.4	5.5	4.7	3.9
P/PPOP (x)	15.9	12.7	11.2	10.4	9.4	8.4
Dividend yield (%)	0.3%	0.3%	0.3%	0.3%	0.5%	0.6%
<b>PROFITABILITY (%)</b>						
Yield on Advances (%)	16.8%	16.9%	17.0%	16.8%	16.6%	16.7%
Cost of Funds (%)	6.1%	7.3%	7.5%	6.7%	6.7%	6.7%
Core Spread (%)	10.7%	9.6%	9.5%	10.1%	9.9%	9.9%
NIM (%)	11.6%	10.5%	10.1%	10.3%	10.4%	10.6%
<b>OPERATING EFFICIENCY</b>						
Cost to average AUM ratio (%)	20.7%	18.3%	15.0%	16.7%	17.5%	17.5%
Cost-income ratio (%)	58.9%	56.2%	51.8%	54.7%	55.7%	56.1%
<b>BALANCE SHEET STRUCTURE RATIOS</b>						
Loan growth (%)	30.4%	24.7%	9.9%	7.3%	11.9%	15.4%
AUM growth (%)	30.2%	24.9%	9.8%	7.2%	11.9%	15.6%
Borrowing growth (%)	35.4%	28.2%	12.7%	8.2%	7.3%	14.2%
Debt/Equity (x)	3.2	3.3	3.3	3.1	2.8	2.7
Equity/Assets (%)	21.6%	20.8%	21.0%	22.5%	24.2%	24.7%
Equity/Loans (%)	25.0%	24.6%	25.6%	27.4%	28.9%	29.5%
Total Capital Adequacy Ratio (CAR) (%)	23.1%	20.5%	22.9%	23.8%	25.2%	25.5%
Tier I CAR (%)	20.4%	16.5%	17.5%	20.2%	21.9%	22.7%
<b>ASSET QUALITY</b>						
GS III (INR mn)	9,575	14,042	17,180	16,594	18,815	22,682
NS III (INR mn)	3,487	4,930	7,996	7,072	8,276	9,669
Slippages (%)	6.9%	8.2%	9.9%	10.0%	8.7%	8.3%
GS III (%)	2.4%	2.8%	3.1%	2.8%	2.8%	2.9%
NS III (%)	0.9%	1.0%	1.5%	1.2%	1.3%	1.3%
Coverage Ratio (%)	63.6%	64.9%	53.5%	57.4%	56.0%	57.4%
Provision/AUM (%)	6.0%	7.2%	9.1%	8.5%	7.2%	6.8%
Provision/Gross advances (%)	6.0%	7.2%	9.1%	8.5%	7.2%	6.8%
<b>(% of average assets)</b>						
Interest earned	15.3%	15.3%	15.1%	14.9%	14.8%	15.0%
Interest expended	4.1%	5.0%	5.1%	4.6%	4.6%	4.5%
Net interest income	11.2%	10.3%	10.0%	10.2%	10.3%	10.5%
Non-interest income	20.3%	18.4%	15.0%	15.8%	16.7%	16.6%
Operating expenses	18.6%	16.1%	12.9%	14.2%	15.0%	15.2%
Pre-provisioning profit	12.9%	12.6%	12.0%	11.8%	11.9%	11.9%
Non-tax provisions	5.4%	6.3%	7.9%	7.3%	6.2%	5.9%
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provision for tax	1.9%	1.6%	1.1%	1.2%	1.5%	1.5%
<b>ROAA</b>	5.6%	4.6%	3.1%	3.4%	4.3%	4.5%
Average assets/Average equity (x)	4.6	4.7	4.8	4.6	4.3	4.1
<b>ROAE</b>	25.7%	22.0%	14.8%	15.4%	18.3%	18.2%

Source: Company, HSIE Research

## SBI Cards and Payment Services: Company Update

### Price Movement



### Rating Criteria

BUY: >+15% return potential  
 ADD: +5% to +15% return potential  
 REDUCE: -10% to +5% return potential  
 SELL: >10% Downside return potential

## SBI Cards and Payment Services: Company Update

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## SBI Cards and Payment Services: Company Update

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