

SBI Cards and Payment Services Private Limited

Regd. Office: Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower, E- 1,2,3, Netaji Subhash Place, Wazirpur, New Delhi – 110034

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Company will be held on Friday, September 23, 2016 at 11:00 AM at the registered office of the Company at Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower, E- 1,2,3, Netaji Subhash Place, Wazirpur, New Delhi – 110034 to consider the following items of business:

Ordinary Business:

1. Adoption of Accounts

To consider, approve and adopt the financial statements of the Company for the Financial Year ended 31st March 2016 including the Audited Balance Sheet of the Company as at 31st March 2016 and Profit & Loss Account and the Cash Flow Statement along with the schedules and notes appended thereto for the year ended on that date together with the report of the Auditors and Directors thereon along with the report of Comptroller and Auditor General of India.

2. Fixing of Auditors Remuneration

To consider fixation of Statutory Auditors Remuneration or to determine the manner of fixing the remuneration for the Financial Year 2016-17.

3. To approve Interim Dividend

To confirm the interim dividend of Rs. 1 (i.e. 10%) per equity Share for the financial year ended March 31, 2016, amounting to Rs. Rs. 785,000,002 declared by the Board of Directors.

Special Business:

4. Appointment of Shri Ryan Zanin as Nominee Director

To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to applicable provisions of Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force and the provisions of Articles of Association of the Company, Shri Ryan Zanin (holding DIN 07316506) nominated by GE Capital Mauritius Overseas Investment be and is hereby appointed as Nominee Director of the Company.

CIN: U65999DL1998PTC093849 # Telephone No.: 0124-4589803 # Fax No.: 0124-3987306
Email address: feedback@sbicard.com# website: www.sbicard.com

RESOLVED FURTHER THAT any one of the Director, the Chief Executive Officer, CFO of the Company and/or Company Secretary, be and are hereby severally authorized to sign and file the necessary form/return with the Registrar of Companies, NCT of Delhi & Haryana required for the appointment of Director.”

5. Authorization to issue of Non-Convertible Debentures (NCD's)

To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 42, section 71 and other applicable provisions of the Companies Act, 2013 and rules made there under, Articles of Association of the Company, other applicable acts, Rules, Regulations, guidelines etc., the Company be and is hereby authorized to issue Fixed Rate, Unsecured, Rated, Taxable, Redeemable, Subordinated, Non-Convertible Debentures (NCDs) on a private placement basis for a sum aggregating to Rs. 200 crores.

RESOLVED FURTHER THAT the terms of the debentures would be as follows:

Kind of Instrument	Debentures
Issue Size	Rs. 200 Crores
Method of Distribution	Private Placement
Face value of Debenture(s)	Rs. 10,00,000/- (Rupees Ten Lakhs only) per Debenture
Instrument Structure	Fixed Rate, Unsecured, Rated, Taxable, Redeemable, Subordinated Non-Convertible Debentures in the nature of subordinated debt constituting Tier II Capital of the Company
Tenor	To be decided by the Board
Interest Rate	To be decided by the Board
Redemption	At par on the Face Value of the Debentures on Maturity Date
Credit Rating	To be taken from CRISIL & ICRA
Issuance Mode	Dematerialized form. Investors are required to mention their Depository Participant's name, DP-ID and beneficiary account number in the appropriate place in the Application Form.
Trustees	To be decided by the Board
Purpose for which resources are being raised	The present issue of Debentures is being made for augmenting the Tier-II Capital of the Company for strengthening its capital adequacy and for enhancing the long-term resources of the Company in accordance with the NBFC-ND

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	Prudential Norms. The funds are raised to meet Company's requirements of funds to carry on its business operations and for its regular business activities.
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RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Board of Directors of the Company be and is hereby authorized, for and on behalf of the Company to do all such acts, deeds, matters and things as may be considered necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

By Order of the Board of Directors
For **SBI Cards and Payment Services Pvt. Ltd.**



Company Secretary

Membership No. - ACS19608

G-5/11, Malviya Nagar, New Delhi - 110017

Date : 29/08/2016

Place : Gurgaon

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company.
2. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Explanatory statement containing material facts pursuant to Section 102 of the Companies Act, 2013 is enclosed.
4. All the relevant documents in respect of accompanying notice are open for inspection at the Registered Office of the Company on all days (except on Saturday and Sunday), between 11.00 AM to 5.00 PM. up to the date of AGM.

EXPLANATORY STATEMENT CONTAINING MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Appointment of Shri Ryan Zanin as Nominee Director

Shri Ryan Zanin (holding DIN 07316506) was appointed as an additional director on the Board of the Company w.e.f. October 27th, 2015 and holds office upto the date of the ensuing Annual General Meeting.

Shri Ryan Zanin has been nominated by GE Capital Mauritius Overseas Investment on the Board of the Company. Shri Ryan Zanin has agreed to continue on the Board of the Company, if re-appointed by the Shareholders.

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The approval of the members of the Company is being sought for the resolution set-out under Item no. 4.

The Board of Directors of your Company recommends the passing of the resolutions set-out under Item No. 4 of the Notice as Ordinary Resolutions.

Disclosures in terms of Section 102 of the Companies Act, 2013:-

- i. Except Shri Ryan Zanin, none of the Directors, manager, Key Managerial Personnel of the Company and their relatives thereof is in anyway concerned or interested in the proposed resolution except to the extent of their directorship/employment with SBI or GE Capital, if any or nomination by SBI or GE Capital.
- ii. The Promoters of the Company SBI and GE Capital shall be deemed to be interested to the extent of their shareholding in the company and other associate/subsidiary Companies of SBI and GE Capital respectively.

Item No. 5

Authorization to issue of Non-Convertible Debentures (NCD's)

It is proposed to issue by way of private placement Fixed Rate, Unsecured, Rated, Taxable, Redeemable, Subordinated, Non-Convertible Debentures of face value of Rs 10,00,000/- each, at par in the nature of Subordinated Debt constituting Tier II Capital (the "Debentures"), aggregating to Rs. 200 Crores.

The main terms and conditions of the issue are as follows:

Kind of Instrument	Debentures
Issue Size	Rs. 200 Crores
Method of Distribution	Private Placement
Face value of Debenture(s)	Rs. 10,00,000/- (Rupees Ten Lakhs only) per Debenture
Instrument Structure	Fixed Rate, Unsecured, Rated, Taxable, Redeemable, Subordinated Non-Convertible Debentures in the nature of subordinated debt constituting Tier II Capital of the Company
Tenor	To be decided by the Board

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Interest Rate	To be decided by the Board
Redemption	At par on the Face Value of the Debentures on Maturity Date
Credit Rating	To be taken from CRISIL & ICRA
Issuance Mode	Dematerialized form. Investors are required to mention their Depository Participant's name, DP-ID and beneficiary account number in the appropriate place in the Application Form.
Trustees	To be decided by the Board
Purpose for which resources are being raised	The present issue of Debentures is being made for augmenting the Tier-II Capital of the Company for strengthening its capital adequacy and for enhancing the long-term resources of the Company in accordance with the NBFC-ND Prudential Norms. The funds are raised to meet Company's requirements of funds to carry on its business operations and for its regular business activities.

The debentures being a debt instrument is offered at face value.

It is further submitted that pursuant to section 42 and clause 14(2)(a) of Companies (Prospectus and Allotment of Securities) Rules, 2014, the offer of debentures on Private Placement requires previous approval of the shareholders of the company, by a Special Resolution.

It is, therefore, proposed that the consent of the Company be obtained in this regard.

Hence the approval of the members of the Company is being sought for the resolution set-out under Item no. 5 by way of Special Resolution.

The Board of Directors of your Company recommends the passing of the resolutions set-out under Item No. 5 of the Notice as Special Resolutions.

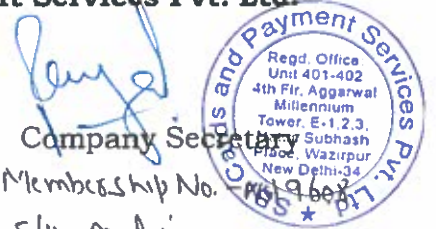
Disclosures in terms of Section 102 of the Companies Act, 2013:-

- i. None of the Directors, manager, Key Managerial Personnel of the Company and their relatives thereof is in anyway concerned or interested in the proposed resolution except to the extent of their directorship/employment with SBI or GE Capital, if any or nomination by SBI or GE Capital.

- ii. The Promoters of the Company SBI and GE Capital shall be deemed to be interested to the extent of their shareholding in the company and other associate/subsidiary Companies of SBI and GE Capital respectively.

**By Order of the Board of Directors
For SBI Cards and Payment Services Pvt. Ltd.**

Date : 29/08/2016
Place : Gurgaon



Company Secretary
Membership No. 181968
G-5/11, Malviya Nagar,
New Delhi - 110017

SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
DIRECTORS' REPORT TO THE MEMBERS OF THE COMPANY

Dear Members,

Your Directors are pleased to present the Eighteenth Annual Report along with the Audited Annual Accounts of your Company for the financial year ended March 31, 2016.

FINANCIAL SUMMARY & STATE OF COMPANY'S AFFAIRS

The financial performance of the company for the financial year ended March 31, 2016 and for the previous year is summarized below:-

S. No	Particulars	Rs. In Crores	
		2015-16	2014-15
1	Income	2492.18	1905.48
2	Finance Cost	430.32	372.83
3	Operating & Other Expenses	1,622.84	1261.21
4	Depreciation and Amortization	0.84	0.78
5	Profit /(Loss) Before Tax & Prior Period	438.18	270.67
6	Prior period Item- Interest on Income Tax Refund	0	0
7	Profit /(Loss) Before Tax	438.18	270.67
8	Tax	154.28	3.98
9	Profit /(Loss) After Tax	283.9	266.69
10	Add: Opening surplus in statement of profit and loss	-10.15	-176.41
11	Less: Transfer to Statutory Reserve	56.78	53.34
12	Interim equity dividend (amount Rs. 1 per share)(0.50 previous year)	78.50	39.25
13	Tax on Interim equity dividend	15.98	7.85
14	Balance of P&L Account C/F to Balance Sheet	122.49	-10.15

In FY'15-16 your company has generated Profit before Tax of **Rs. 438.1** Cr as against Rs 270.7 Cr in FY 14-15. This represents core growth of 21% after adjusting for one-off accounting adjustments of Rs. 90 Cr in FY 2014-15.

In FY 2015-16, acquisition of new accounts grew by **20%** leading to **15%** growth in cards base to **3.62 MM** as compared to **3.16 MM** cards in previous year.

While the industry spends have grown by **26%** in the current year, your Company registered a **34%** increase in Retail and Corporate Spends. Retail spends have grown to **Rs. 28,727 Cr** at a growth rate of **34%** in FY 2015-16. Commercial Card channel has also shown a tremendous **43%** growth in spends from **Rs. 2,640 Cr** in FY 2014-15 to **Rs. 3,776 Cr** in FY 2015-16.

The company has taken active interventions to manage pre and post-acquisition portfolio quality and keeps a close watch on portfolio risks. This has helped the company in keeping stable losses and NPA levels. Gross NPAs for FY 2015-16 is at 2.0% compared to 1.9% in FY 2014-15. The marginal increase in NPA level is attributed to change in methodology of computing delinquencies from Payment Due Date instead of Statement Date in line with RBI directions.

It has been an eventful year at SBI Card with four new product launches .The year started with the launch of Mumbai Metro –SBI dual usage card the second issuer in the country to launch a dual purpose card wherein the card can be used as a metro cum credit card. The second quarter saw the launch of one of the most innovative products SBI Simply CLICK this card is targeted towards the always online millennials. This card provides specific benefits on online shopping and higher benefits on shopping with specific partners in online space. The third quarter saw the launch of our cobranded card with Lakshmi Vilas Bank the SBI-LVB Card. In the last quarter we launched the SBI Elite Signature card especially for SBI wealth segment under the 'SBI Exclusif' program.

On the digital front also your company has made rapid strides .The SBI Card launched its revamped website in October 2015. The website is not only adaptive and responsive from architecture standpoint but has host of new feature like online rewards redemption and documents upload functionality for KYC etc.

The mobile app has been growing as a strong self-service channel and this financial year has seen 8.0 lakhs+ downloads.

SBI Card in association with State Bank of India has successfully implemented a new broad based and strong combination of its Classic Sourcing model via SBI Branch Network and its Alternate Sourcing model via various customer touchpoints in the SBI Ecosystem in order to reach out to a much larger targeted customer base of SBI and optimize on Cross Sell potential . The two teams have worked very closely to successfully grow the initiatives launched in 2015 such as Pre Select , Online SBI and ATM and have also collaborated to develop new initiatives like Corporate Salary Package Sourcing , SME Card and OCAS platform integrationall aimed at leveraging SBI relationship with the customer and building a profitable good quality portfolio .

This year, we have introduced on-line tools for redemption of reward points which has received wide acceptance amongst our cardholders. We have also introduced mobile websites compatible with all the three mobile platforms (Android, Windows, IOS).

PROSPECTS

The aim of SBI Card is to offer Indian consumers access to a wide range of world-class, value-added payment products and services. The endeavor of the company is to simplify the lives of our customers, employees and other important stakeholders. Innovative products and services along with our responsible corporate citizenship practices form the framework of delivering on this promise.

Our bouquet of products includes Simply Save for Masses, Simply Click for the on-line active as well as Platinum & Signature Cards for Affluent and Wealthy segments. SBI Card has entered into partnerships to issue co-branded cards with an eye to serve customers ranging from Travel (IRCTC & Air India), Lifestyle (Tata & FBB) and other Banking Partners. We are committed to extend our reach through continuous innovation in our products and services as well as leverage opportunities through new products and co-branding tie ups.

The company is focused on profitable growth and keeps a close watch on the portfolio quality. The premium contribution from new acquisitions has shown an increase of 1.4% in FY 2015-16 over previous year. This has been achieved through active upgrade programmes and participation of sales force through training and contests. We shall strive to continue the momentum to increase our premium base through similar initiatives.

In the next fiscal year, we have planned to achieve growth of 28% in total spends which includes 31% increase in Retail. This shall be achieved through various targeted offers to our customer base as well as through merchant tie-ups. We shall continue to focus on coordinated marketing programmes in partnership with SBI Acquiring to achieve synergies in SBI Debit & Credit operations.

We value our customers and are committed to "Make Life Simple" to our cardholders through operational and service excellence. Card Industry is fast changing with new technologies and platforms. The company shall continue to keep close watch on the developments and strive to keep pace with the technological changes like Host Card Emulation (HCE) & digital wallets.

On the Commercial Card segment, SBI Card is focusing on large corporates which bring in stable and profitable business. We continue to achieve robust & safe growth in spends and continue to add value to our clients by streamlining their expense management process.

Your company has delivered a commendable business performance in the current year. The business prospects for the next year looks promising and the Management and Employees of the company are committed to deliver results to all stakeholders of the organization.

There has been no change in the nature of business during the year under review.

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

During the year under review, your Company did not have any subsidiary, associate and joint venture company.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015, is presented in a separate section forming part of the Annual Report.

AMENDMENTS IN ARTICLES OF ASSOCIATION

During the year under review, your Company has amended its Articles of Association to align the same with the requirements of Companies Act, 2013 and the JV agreement.

DIVIDEND

Your Directors have declared an interim dividend of Rs. 1.00 (i.e. 10 %) per equity share (last year Rs. 0.50 (i.e. 5 %) per equity share) during the financial year ended March 31, 2016, amounting to Rs. 78,50,00,002/- and Tax on the same amounting to Rs. 15,98,07,530/- aggregating to Rs. 94,48,07,532/-

RESERVES

During the year ended March 31, 2016, the Company appropriated Rs. 567,801,390/- towards the Statutory Reserves (Rs. 533,384,218/- in FY 2014-15) in accordance with Section 45-IC of the Reserve Bank of India Act, 1934.

Also, an amount of Rs. 79,400 was utilized from Capital Reserve towards Share based employee compensation cost for the FY 2015-16.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as Annexure 1 to the Board's Report. Further, the policy on dealing with Related Party Transactions is also appended as Annexure 2 to the Board's Report.

CAPITAL ADEQUACY

As per the Reserve Bank of India norms applicable for NBFC, the company is required to keep a Capital Adequacy Ratio (CAR) of 15%. Your directors are pleased to report that the company's CAR is well above the regulatory requirement at 18.13% with 14.28% as Tier 1 CAR.

DEBENTURES

a. Issue and Allotment

During the Financial Year 2015-16, your Company raised Rs. 100 Crores by issue and allotment of 1000 Fixed Rate, Unsecured, Rated, Taxable, Redeemable, Subordinated Non-Convertible Debentures of Rs. 10,00,000/- each in the nature of subordinated debt constituting Tier II Capital of the Company.

b. Appointment of Trustee in place of retiring Trustee

Further, Axis Bank trustee for the Debenture Series 2 had submitted notice of retirement from its capacity as trustee for the Debenture Holders vide letter dated May 21, 2015, pursuant to prevailing applicable laws in relation to debenture issuance and debenture trusteeship, in particular the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 (including any amendments thereto). Under the referred provisions Axis Bank cannot continue to act as debenture trustee and therefore is in the process of winding up its existing debenture trusteeship business. The retirement shall be effective from June 15, 2015.

Your Company has with effect from June 12, 2015, with the permission of the Board appointed Axis Trustee Services Limited (ATSL) as joint trustee, to act jointly with Axis Bank as trustees and subsequent to the retirement of Axis Bank from its capacity as trustee to act as sole trustee of the Debenture Holders of Debenture allotted on January 22, 2008 under Debenture Series 2.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Composition of the Board of Director is in terms of the Companies Act, 2013 and the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015. Board consists of eight Directors namely Smt. Arundhati Bhattacharya, Shri Vellur Gopalaraghavan Kannan, Shri Narasimhachari Krishnamachari, Shri Ryan Armand Zanin, Shri Banmali Agrawala, Shri Ashwini Kumar Sharma, Shri Ashish Sharma and Shri Percival Sam Billimoria as on March 31, 2016.

Following changes are being reported in the composition of Board of Directors during the FY 2015-16 and up to the date of the report:

S. No.	Director	Appointment (FY 2015-16)	Cessation/resignation (FY 2015-16)
1.	Shri Percival Sam Billimoria	April 30, 2015	
2.	Shri Peter Ronald Herbert	-	May 18, 2015 (Resignation)
3.	Shri Dipankar Basu	-	October 27, 2015 (Resignation)
4.	Shri Ryan Armand Zanin	October 27, 2015 (Appointed as Additional Director)	-
5.	Shri Narasimhachari Krishnamachari	January 21, 2016 (Appointed as Nominee Director of	-

		SBI)	
6.	Shri Sriram Balasubramanyam	-	January 21, 2016 Resignation

Your Directors place on record their sincere appreciation for the contribution made by Shri Peter Herbert, Shri Dipankar Basu and Shri B. Sriram during their tenure on the Board of the Company.

Company has three Key managerial Personnel namely Shri Vijay Kumar Jasuja, CEO & Manager, Shri Digmanu Gupta, CFO and Ms. Payal Mittal, Company Secretary as on March 31, 2016.

NUMBER OF MEETINGS OF THE BOARD

6 meetings of the Board of Directors were held during the year. The Board met on 24-04-2015, 30-07-2015, 07-09-2015, 27-10-2015, 25-01-2016, and 28-03-2016.

The details of the meetings attended by directors during the financial year 2015-16 are as follows:

S. No.	Name of Directors/ Member	DIN	Status	No. of Meetings Attended
1.	Smt. Arundhati Bhattacharya	02011213	Chairman	1
2.	Shri Vellur Gopalaraghavan Kannan	03443982	Director	5
3.	Shri Narasimhachari Krishnamachari	07409731	Director appointed w.e.f 21-01-2016	2
4.	Shri Ashwini Kumar Sharma	00157371	Director	5
5.	Shri Percival Sam Billimoria	01197535	Independent Director appointed w.e.f 30-04-2015	1
6.	Shri Ryan Armand Zanin	07316506	Additional Director appointed w.e.f 27-10-2015	2
7.	Shri Banmali Agrawala	00120029	Director	2
8.	Shri Ashish Sharma	01659506	Director	6
9.	Shri Peter Ronald Herbert	06713702	Ex-Director Cessation w.e.f 18-05-2015	0

10.	Shri Dipankar Basu	00009653	Ex-Director cessation w.e.f 27-10- 2015	3
11.	Shri Sriram Balasubramanyam	02993708	Ex-Director cessation w.e.f 21-01- 2016	1

COMPOSITION OF AUDIT COMMITTEE

The composition of the Audit Committee and the details of the 5 Audit Committee meetings held in accordance with the applicable guidelines and rules, during the year ending March 31, 2016 are as follows:

S. No.	Name of Directors/ Member	Status	No. of Meetings Attended
1	Shri Narasimhachari Krishnamachari	Member w.e.f 21-01-2016	2
2	Shri Ashish Sharma	Member	6
1	Shri Dipankar Basu	Ex-Chairman cessation w.e.f 27-10-2015	3
2	Shri Sriram Balasubramanyam	Ex-Member Cessation w.e.f 21-01-2016	0

The Audit Committee met five times during the financial year, on 24-04-2015, 24-07-2015, 27-10-2015, 25-01-2016 and 28-03-2016.

COMPOSITION OF RISK MANAGEMENT COMMITTEE

The composition of the Risk Management Committee and the details of the 3 Risk Management Committee meetings held, in accordance with the applicable guidelines and rules, during the year ending March 31, 2016 are as follows:

S. No.	Name of Directors/ Member	Status	No. of Meetings Attended
1	Shri Narasimhachari Krishnamachari	Member w.e.f. 21-01-2016	1
2	Shri Ashish Sharma	Member	3
3	Shri Dipankar Basu	Ex-Chairman cessation w.e.f 27-10-2015	2
4	Shri Sriram Balasubramanyam	Ex-Member cessation w.e.f 21-01-2016	0

The Risk Management Committee met three times during the financial year, on 24-07-2015, 27-10-2015 and 25-01-2016.

COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee and the details of the 4 Nomination and Remuneration Committee meetings held, in accordance with the applicable guidelines and rules, during the year ending March 31, 2016 are as follows:

S. No.	Name of Directors/ Member	Status	No. of Meetings Attended
1	Shri Narasimhachari Krishnamachari	Member w.e.f. 21-01-2016	2
2	Shri Ashish Sharma	Member	4
3	Shri Dipankar Basu	Ex-Chairman cessation w.e.f. 27-10-2015	2
4	Shri Sriram Balasubramanyam	Ex-Member cessation w.e.f. 21-01-2016	0

The Nomination and Remuneration Committee met four times during the financial year, on 24-04-2015, 27-10-2015, 25-01-2016 and 28-03-2016.

COMPOSITION OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Composition of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company and the details of the 4 CSR Committee meetings held, in accordance with the applicable guidelines and rules, during the year ending March 31, 2016 are as follows:

S. No.	Name of Directors/ Member	Status	No. of Meetings Attended
1	Shri Narasimhachari Krishnamachari	Member of the Committee w.e.f. 21-01-2016	1
2	Shri Ashish Sharma	Member	4
3	Shri Dipankar Basu	Ex-Chairman of the Committee, cessation w.e.f. 27-10-2015	2
4	Shri Sriram Balasubramanyam	Ex-Member, cessation w.e.f. 21-01-2016	1

The Corporate Social Responsibility Committee met four times during the financial year, on 24-07-2015, 07-09-2015, 27-10-2015 and 25-01-2016

The terms of reference of CSR Committee include the following:

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

The CSR Policy along with the details of CSR activities during the year as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended herewith as Annexure 3.

VIGIL MECHANISM

In accordance with the provisions of the Companies Act, 2013, the Company has established a Vigil Mechanism for Directors and Employees to provide a mechanism which provides adequate safeguards to employees and Directors from any victimization on raising of concerns of any unethical practice/non-compliance/irregularity observed. The Policy on the Vigil Mechanism of the Company is displayed on the Website of the Company.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

Company follows the fit and proper criteria as laid down by Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 and The Nomination & Remuneration Policy of the Company framed under Section 178(2) & (3) of The Companies Act, 2013 & RBI Circular no. 2014-15/552 DNBR (PD)CC.NO.029/03.10.001/2014-15 April 10, 2015 for appointment of Directors. Nomination and Remuneration Committee of the Board recommends for appointment of a Director based on the fit and proper criteria Policy and Nomination & Remuneration Policy of the Company further the Nomination and Remuneration Committee is responsible to ensure 'fit and proper' status of proposed/ existing directors. The Nomination & Remuneration Policy of the Company is annexed as Annexure 4

Pecuniary transactions of Directors with the Company during the financial year 2015-16 are as under:

Sitting Fee at the rate of Rs. 15,000 per Board Meeting and Rs. 10,000 per Committee Meeting is paid to Shri Dipankar Basu, Shri Ashwini Kumar Sharma and Shri Percival Sam Billimoria for the meetings attended by them during the FY 2015-16.

Closing Balance as on March 31, 2016 of the credit cards issued to Directors of the Company is Rs. 2,40,948/-

AUDITORS & COMMENTS ON AUDITORS REPORT

During the year under review, the office of the Comptroller and Auditor General of India (hereinafter referred to as "CAG") exercising the power conferred under section 139 of the Companies Act, 2013, appointed M/s. Gandhi Minocha & CO., Chartered Accountants (Registration No. 00458N), as the Statutory Auditor of the Company for the financial year 2015-16. Supplementary Audit of the Company was conducted by Principal Director of Commercial Audits on behalf of CAG in accordance with Section 143 of the Companies Act, 2013. The Statutory Auditors' report and CAG Audit report are self-explanatory in nature and do not require any comments from Directors of the Company.

There are no qualifications, reservations or adverse remarks or disclaimers made by Gandhi Manocha & Co. Statutory Auditors and CAG Audit report.

Further, the Statutory Auditors for the Financial Year 2016-17 will be appointed by the Comptroller and Auditor General of India on such terms and conditions as CAG may prescribe.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

While the business activity of the Company does not result in any material consumption of energy, still the Company is committed to continue its efforts towards the conservation of energy. Energy conservation and technology updates are a part of the ongoing processes in your Company. The efforts made towards technology update have been detailed in this Report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During Financial Year 2015-16, the Company incurred foreign currency expense of an amount of Rs. 77,02,54,744/- on network and other service charges, purchase of plastic cards, professional fees and other expenses (2014-15: Rs. 51,39,33,112/-).

The dividend remitted during the year 2015-16 in foreign currency was Rs. 314,000,000 (2014-15: 157,000,000).

The foreign exchange earnings during the year 2015-16 were Rs. 52,93,47,672/- (2013-14: Rs. 30,04,20,131/-).

CORPORATE GOVERNANCE

Your Company has a strong and committed corporate governance framework, which encompasses policies, processes and people, by directing, controlling and managing activities with objectivity, transparency and integrity.

Your Company is committed to ensure fair and ethical business practices, transparent disclosures and reporting. The focus of the Company is on statutory compliance, regulations and guidelines and ethical conduct of business throughout the organization with primary objective of enhancing stakeholder's value while being a responsible corporate citizen.

CREDIT RATING

The credit ratings of the company as at the end of 31st March, 2016 are as below:

Instrument	Rating	Rating Agency	Comments
Debentures/Bonds	AAA/Stable	CRISIL	This is highest level of ratings and

Debentures/Bonds	AAA/Stable	ICRA	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
Short Term Ratings(Bank Lines/Commercial Paper)	A1+	CRISIL	

AWARDS

Your company has received Awards for excellence in various categories as listed below:

- 'Simply CLICK Card' awarded 'Best Card Product/Program' of the year at the Customer Fest Awards 2016 & 'Best Credit Card Program' by **MasterCard Innovations awards 2016.**
- SBI Card was awarded for its competitive and market leading practices in 'Talent Management' by Delhi Management Association in Annual Awards ceremony in 2015
- SBI Card's learning tool 'Little Master' won National IT excellence Award under the category of 'Leveraging IT for Business Performance'
- SBI Card awarded 'Best Data Quality' in NBFC segment for 2015-16 at Eighth Annual Credit Information Conference.
- SBI Card - Flexipay **campaign** has been selected as an ECHO leader at the **2015 DMA Asia ECHO™ Awards**
- **SBI Card awarded Most Trusted Brand by Reader's Digest Trusted Brand Awards 2015**
- **SBI Corporate Card awarded for Outstanding Corporate Card Portfolio growth by Visa**
- SBI Card won International Gartner Award for the "Most Innovative Technology Legacy Transformation" for its new CRM tool "CardOne".

INTERNAL FINANCIAL CONTROLS

The Board has adopted the policies, processes and structure for ensuring the orderly and efficient conduct of its business with adequate and effective internal financial control across the organization, including adherence to the Company's policies, the safeguarding of assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

Also, the company has an internal audit system commensurate with the size of the company and had appointed Grant Thornton LLP for conducting periodic audits of the internal functions and processes of the company for the financial year 2015-16. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls.

DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL

No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

RISK MANAGEMENT AT SBI CARDS

Your Company has developed and implemented a Risk Management Policy that recognizes risk is an integral and unavoidable component of business and is characterized by both threat and opportunity. The Company has adopted a comprehensive Risk Management program to formalize risk based decision-making and risk management processes. The risk reports prepared by the Chief Risk Officer are reviewed by the board of directors at regular intervals. The risk management process is reviewed periodically in order to keep it aligned with the emerging risks. Risk management program involves risk identification, assessment and risk mitigation planning for financial, credit, strategic, operational, liquidity, legal, reputation, contagion, concentration, model and regulatory related risks across various levels of the organization. The process facilitates monitoring risks and its mitigation across the Company, using dashboards, heat maps and charts.

FRAUD REPORTING

Certain instances of customer frauds on the Company, primarily relating to fraudulent usage of credit cards issued by the Company, have been reported during the FY 2015-16. The total amount involved in these frauds for the FY 2015-16 was Rs. 41,534,035/- (previous year Rs.26, 181, 971/-).

PARTICULARS OF EMPLOYEES

Your Directors would like to place on record their sincere appreciation of the contributions made by employees of your Company at all levels. The information required under the provisions of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given as annexure 5 of this Report.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public as defined in the Non-Banking Financial Companies (Reserve Bank of India) Directions, as amended to date.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Sec 134 (3) C of the Companies Act, 2013 your Directors state that:

- (a) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company

- at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
 - (d) the directors had prepared the annual accounts on a going concern basis; and
 - (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from Independent Director that he meets the criteria of independent as provided in section 149(6) of the Companies Act 2013.

EXTRACT OF ANNUAL RETURN

Extract of Annual Return in Form MGT-9 is appended as Annexure 6 to this Report.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and subsequent notification of rules in this regard, the Company has adopted the Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace.

Internal Complaint Committee formed under the Provisions of the Act comprises of Ms. Aparna Kuppaswamy – Presiding Officer, Mr. Manish Dewan, Ms. Nidhi Bhardwaj, Mr. Ugen Bhutia, and Ms Seema Misra Sinha as the members of the Committee.

During the calendar year 2015, two cases were reported under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Both the cases were investigated by ICC (Internal Complaints Committee) members and have been duly closed.

ACKNOWLEDGEMENT

Your Directors wish to thank the Reserve Bank of India, Company's Bankers, customers, shareholders, employees and collaborators for their valuable assistance, support and co-operation.

Date: 28/07/2016

Place: Mumbai

For and on behalf of the Board

A. Bhattacharya

CHAIRMAN
DIN: 02011213

SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
DIRECTORS' REPORT TO THE MEMBERS OF THE COMPANY

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

The financial results for the year ended March 31, 2016 and the previous year are as under:

S. No	Particulars	In Rs. Crores	
		2015-16	2014-15
1	Income	2492.18	1905.48
2	Finance Cost	430.32	372.83
3	Operating & Other Expenses	1,622.84	1261.21
4	Depreciation and Amortization	0.84	0.78
5	Profit /(Loss) Before Tax & Prior Period	438.18	270.67
6	Prior period Item- Interest on Income Tax Refund	0	0
7	Profit /(Loss) Before Tax	438.18	270.67
8	Tax	154.28	3.98
9	Profit /(Loss) After Tax	283.9	266.69

APPROPRIATIONS

In this fiscal, the company has generated Profit Before Tax of **Rs. 438.2 Cr** (PAT of Rs. 283.9 Cr). Excluding one-off accounting adjustments in FY 2014-15 this represents 21% core growth in Profits Before tax. In view of the commendable financial performance of the company your company has paid interim dividend of **Rs. 1** per equity share (10%) in this fiscal and have appropriated the profit as follows:

Particulars	2015-16	2014-15
(Deficit)/Surplus in the Statement of P&L	(10)	(176)
Profit/(Loss) for the year	284	267
Transfer to Statutory Reserve	(57)	(53)
Transfer to General Reserve	-	-
Transfer to Capital Reserve	-	-
Interim Dividend	(79)	(39)
Tax on Dividend	(16)	(8)
Balance carried over to Balance Sheet	122	(10)

BUSINESS PERFORMANCE

In FY'15-16 your company has generated Profit before Tax of **Rs. 438.1 Cr** as against Rs 270.7 Cr in FY 14-15. This represents core growth of 21% after adjusting for one-off accounting adjustments of Rs. 90 Cr in FY 2014-15.

In FY 2015-16, acquisition of new accounts grew by **20%** leading to **15%** growth in cards base to **3.62 MM** as compared to **3.16 MM** cards in previous year.

While the industry spends have grown by **26%** in the current year, your Company registered a **34%** increase in Retail and Corporate Spends. Retail spends have grown to **Rs. 28,727 Cr** at a growth rate of **34%** in FY 2015-16. Commercial Card channel has also shown a tremendous **43%** growth in spends from **Rs. 2,640 Cr** in FY 2014-15 to **Rs. 3,776 Cr** in FY 2015-16.

The company has taken active interventions to manage pre and post-acquisition portfolio quality and keeps a close watch on portfolio risks. This has helped the company in keeping stable losses and NPA levels. Gross NPAs for FY 2015-16 is at 2.0% compared to 1.9% in FY 2014-15. The marginal increase in NPA level is attributed to change in methodology of computing delinquencies from Payment Due Date instead of Statement Date in line with RBI directions.

It has been an eventful year at SBI Card with four new product launches .The year started with the launch of Mumbai Metro –SBI dual usage card the second issuer in the country to launch a dual purpose card wherein the card can be used as a metro cum credit card. The second quarter saw the launch of one of the most innovative products SBI Simply CLICK this card is targeted towards the always online millennials. This card provides specific benefits on online shopping and higher benefits on shopping with specific partners in online space. The third quarter saw the launch of our cobranded card with Lakshmi Vilas Bank the SBI-LVB Card. In the last quarter we launched the SBI Elite Signature card especially for SBI wealth segment under the 'SBI Exclusif' program.

On the digital front also your company has made rapid strides .The SBI Card launched its revamped website in October 2015. The website is not only adaptive and responsive from architecture standpoint but has host of new feature like online rewards redemption and documents upload functionality for KYC etc.

The mobile app has been growing as a strong self-service channel and this financial year has seen 8.0 lakhs+ downloads.

SBI Card in association with State Bank of India has successfully implemented a new broad based and strong combination of its Classic Sourcing model via SBI Branch Network and its Alternate Sourcing model via various customer touchpoints in the SBI Ecosystem in order to reach out to a much larger targeted customer base of SBI and optimize on Cross Sell potential. The two teams have worked very closely to successfully grow the initiatives launched in

2015 such as Pre Select , Online SBI and ATM and have also collaborated to develop new initiatives like Corporate Salary Package Sourcing , SME Card and OCAS platform integrationall aimed at leveraging SBI relationship with the customer and building a profitable good quality portfolio .

This year, we have introduced on-line tools for redemption of reward points which has received wide acceptance amongst our cardholders. We have also introduced mobile websites compatible with all the three mobile platforms (Android, Windows, IOS).

PROSPECTS

The aim of SBI Card is to offer Indian consumers access to a wide range of world-class, value-added payment products and services. The endeavour of the company is to simplify the lives of our customers, employees and other important stakeholders. Innovative products and services along with our responsible corporate citizenship practices form the framework of delivering on this promise.

Our bouquet of products includes Simply Save for Masses, Simply Click for the on-line active as well as Platinum & Signature Cards for Affluent and Wealthy segments. SBI Card has entered into partnerships to issue co-branded cards with an eye to serve customers ranging from Travel (IRCTC & Air India), Lifestyle (Tata & FBB) and other Banking Partners. We are committed to extend our reach through continuous innovation in our products and services as well as leverage opportunities through new products and co-branding tie ups.

The company is focussed on profitable growth and keeps a close watch on the portfolio quality. The premium contribution from new acquisitions has shown an increase of 1.4% in FY 2015-16 over previous year. This has been achieved through active upgrade programmes and participation of sales force through training and contests. We shall strive to continue the momentum to increase our premium base through similar initiatives.

In the next fiscal year, we have planned to achieve growth of 28% in total spends which includes 31% increase in Retail. This shall be achieved through various targeted offers to our customer base as well as through merchant tie-ups. We shall continue to focus on coordinated marketing programmes in partnership with SBI Acquiring to achieve synergies in SBI Debit & Credit operations.

We value our customers and are committed to “Make Life Simple” to our cardholders through operational and service excellence. Card Industry is fast changing with new technologies and platforms. The company shall continue to keep close watch on the developments and strive to keep pace with the technological changes like Host Card Emulation (HCE) & digital wallets.

On the Commercial Card segment, SBI Card is focussing on large corporates which bring in stable and profitable business. We continue to achieve robust &

safe growth in spends and continue to add value to our clients by streamlining their expense management process.

Your company has delivered a commendable business performance in the current year. The business prospects for the next year looks promising and the Management and Employees of the company are committed to deliver results to all stakeholders of the organisation

MACRO ECONOMIC OUTLOOK

As per the provisional estimates released by MOSPI on 31st May, 2016, GDP of India has grown by 7.6% in FY 2015-16. Private Final Consumption Expenditure at constant prices has shown a growth of 7.5% over previous fiscal.

IMF has predicted in its Global Economic Forecast that India continue to be amongst the faster growing economies in 2016 with projected growth at 7.5%. IMF's growth predictions are largely in line with projections made by other global agencies Reserve Bank of India has also projected the growth rate at 7.6% in its Bi-Monthly Monetary Statement dated Jun 7th, 2016.

India's growth will continue to be driven by private consumption which is expected to strengthen with a normal monsoon and the implementation of the Seventh Pay Commission award.

INDUSTRY DEVELOPMENTS

As per RBI Industry reports, cards -in-force in India has witnessed an increase **16.1%** increase in FY 2015-16 over previous year. Number of credit cards in circulation has risen to **24.5 Mn** in 2014-15 from **21.1** million in the previous year. Retail spends has growth to **Rs. 2,406 Bn** in FY 2015-16 from **Rs. 1,905 Bn** in FY 2014-15 at a growth rate of **26%**

As against industry growth of **26%** SBI Cards spends grew by **34%** in FY 2015-16. . The company is ranked **3rd** in terms of Cards in force with **14.8%** market share. In terms of spends, the company has improved its position to **4th** rank in FY'15-16 as against **5th** in FY'14-15. The company has **12%** market share in FY '15-16 as against **11%** in FY'14-15.

OPPORTUNITIES

Credit Card market in India is amongst the least penetrated markets globally. Indian card industry is least penetrated with only 2.9% spends of PFCE (Private Final Consumption Expenditure) spent through credit cards. This provides a huge potential for increasing the credit card spends. This increase in spends will come from increase in number of credit cards and acceptance infrastructure. Government of India along with RBI is at the forefront in driving electronic payment transactions and increasing acceptance infrastructure

through initiatives like Acceptance Development Fund etc. These coupled with strong and evolved credit bureaus and all major banks participating in bureau reporting provides a huge opportunity for banks to increase the penetration without compromising the customer risk profile.

The demographic indicators of the country indicate that every year new workforce joins the economy in larger numbers. This provides an emerging opportunity of "New to Credit" profile of young educated workforce.

Credit card usage has also seen a sustained increase due to proliferation of e-commerce platforms in all categories ranging from shopping, food ordering and local transit. Same is evident in the increasing contribution of online (web & mobile) spends to overall card spends.

THREATS

Payments Card Industry is also witnessing an evolution of sorts with a large number of players trying to address existing consumer pain points in the transaction flow and or card application decisioning. This has given rise to what is now popularly referred to as "FinTech" that refers to use of technology in the financial services space to create simple solutions for existing problems that have been overlooked by the Industry. Wallet service providers and payment aggregators are a case in point that illustrates the above mentioned. They need to be watched very closely for future developments.

RISKS AND CONCERNS

One of the major factors limiting the growth of the card industry is the low penetration of the acquiring terminals. There has been low incremental growth in terms of acceptance of credit card at tier 2/ tier 3 cities.

RBI has realised the same and have floated a paper asking for inputs from all stakeholders. RBI is very keen to increase the Acquiring infrastructure across the country. This would be a positive move for the company & as well as the industry in the long run.

New Payment Technologies

The year saw a lot of initiation and adoption of new payment technologies. SBI Card became the second issuer in the country to launch Signature contactless credit card which was followed by launch of contactless FBB SBI StyleUP. It is expected that payment associations and acquirers will continue to keep this focus on growing contactless transactions.

The payments ecosystem is evolving and changing rapidly and the credit card from factor would be moving from plastic to mobile. SBI Cards is also evaluating and is in exploratory stages of discussion on tokenization technology in the foreseeable future.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

Company has in place a comprehensive Risk Management program to formalize risk based decision-making and risk management processes. The risk management process is reviewed periodically in order to keep it aligned with the emerging risks. Risk management program involves risk identification, assessment and risk mitigation planning for financial, credit, strategic, operational, liquidity, legal, reputation, contagion, concentration, model and regulatory related risks across various levels of the organization. The company has a Board approved Risk Appetite Statement and triggers and the same is reviewed annually by the Board of Directors. The triggers laid out in the Risk Appetite are reviewed monthly and also reported to the Board in case of any trigger breaches.

The internal audit process is synchronised with the Risk Management Framework of the company. The company has an internal audit system commensurate with the size of the company and had appointed Grant Thornton LLP for conducting periodic audits of the internal functions and processes of the company for the year.

HUMAN RESOURCES

On employee front, your company has initiated various programs to enhance the retention and engagement of employees.

- Organization wide Redesignation Exercise is to be implemented as an outcome of Job Evaluation Exercise conducted last year with global consultants Towers Watson . This exercise will result in new bands at organization level along with new set of designations.
- Organisation wide Benefits Benchmarking exercise conducted through Aon Hewitt to determine the new benefits for newly introduced bands & designations.
- On-boarding and investing in Talent Development Program - **Forerunners** (SBI Card Management Trainee Program). Hirings for 2017 batch while ensuring campus relationships with top grade institutes like JNU, MDI, DSE, IMI, IIM (Lucknow), FMS etc.
- SBI Card New Performance Management System philosophy and model design along with creation of IT Tool for the same.
- SBI Card Talent Development Framework including defining leadership competencies and assessment tools identification for hiring & promotion purposes.
- HR IT Systems Transition from GE and creation of all required new HR IT Systems for SBI Card under Project Catalyst.

- More robust framework around Internal Communication and initiating one SBI Card level loyalty campaign – **Pride @ SBI Card**.
- Creation of SBI Card specific Learning & Development Framework and interventions for enhanced learning at mid to senior management level.
- Structured employee recognition program through Quarterly CEO award and various functional awards.
- Integration of various employee fun and engagement clubs like Fundoo, Team Masti, Funtoosh etc and a more robust Engagement Framework with active participation in Corporate activities to enhance SBI Card Employer Brand
- Consolidation of SMT positions for better span of control and organizational effectiveness.

Health Ahead

Health-Ahead is an effort to proactively improve the health of employees and their families. Health-Ahead's goal is to create a healthy and engaged workforce and promote a culture of wellness. Health-Ahead is a comprehensive program consisting of 8 elements i.e. Leadership, Prevention & Screening, Healthy Nutrition, Tobacco Cessation, Stress & Non-Physical health, Health Related Absence, Physical Activity, & Medical Safety.

Key Highlights of Health-Ahead in FY 2015-16

- Senior Management Team and employees participated in Delhi –Airtel Marathon –"lead by example"
- Formation of Cycling Group is new attraction of year 2015
- Co-partnered with Women Network and organized Dietician counselling, Blood Donation Camp and Pinkathon- Women Marathon
- 75 +events conducted at the site by all the elements covering 80% of unique employees
- Health Ahead family day celebration had a foot fall of 1700 employees and families

Date: 28/07/2016

Place: Mumbai

For and on behalf of the Board

A. Bhalla

CHAIRMAN
DIN: 02011213

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis

S. NO.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of contracts/arrangements/transactions	Salient terms of contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting required under proviso to section 188
1	Nil							

2. Details of material contracts or arrangement or transactions at arm's length basis

S. NO.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
1	SBI, Holding Company	Services	Ongoing	Day to day operations of bank accounts with SBI	No

2	SBI, Holding Company	Services	01-04-2014 - Ongoing	Over The Counter services given to customers	No
3	SBI, Holding Company	Services	01-04-2014 - Ongoing	Annual charges levied for SBI Card drop boxes placed at SBI branches to the tune of Rs. 50,00,000	Yes
4	SBI, Holding Company	Services	01/07/2015 - 30/06/2016 - ongoing	Cash Management Services	No
5	SBI, Holding Company	Services	Ongoing	ATM Withdrawal services given to customers Rs. 16 per transaction	No
6	SBI, Holding Company	Services	Ongoing	Issuing & Paying agent for commercial paper issued by the Company	No
7	SBI, Holding Company	Services	January 2014 - Ongoing	Fixed Deposit on standard terms and conditions	No
8	SBI, Holding Company	Services	01-04-2008 - Ongoing	Royalty paid for use of Logo	No
9	SBI, Holding Company	Services	01-04-2013 - ongoing (Initial term 3 years from Oct 2013, automatic renewal thereafter)	Agreement for selling the Company's Credit Cards through SBI's networks	No
10	SBI, Holding Company	Investment /Purchase of Shares	28, March 2016 (Board Approval)	Approval for investment in 1001 Equity Shares of SBI Foundation currently held by SBI	No
11	SBI, Holding Company	Services	Ongoing	Customer Document Verification/validation Fee	No
12	SBI, Holding Company	Services	Ongoing	Compensation and Benefits of SBI Deputee as per the Policy of SBI	No
13	SBI, Holding Company	Services	02-01-2015 Ongoing	PreSelect Marketing Cross Cell	No

14	SBI, Holding Company	Services	02-11-2015 – coterminous with Alliance Agreement with Mumbai Metro (valid from 14-10-2014 to 13-10-2019)	Arrangement between SBI and SBI Cards for Mumbai Metro Credit Card	No
15	GE Capital Business Process Management Services Pvt. Ltd, Common Directors	Services	01-04-2015-31-03-2016	Business Process Management Services	No
16	GE Capital Business Process Management Services Pvt. Ltd, Common Directors	Services	01-04-2015-31-03-2016	Seat Sharing & Other shared cost received	No
17	GE Capital Business Process Management Services Pvt. Ltd, Common Directors	Services	3 Years, Renewable after every 3 year till Sep 30, 2023	Seat Sharing & Other shared cost charged from GECBPMSL for Tower B, Infinity, Gurgaon office	No
18	State Bank of Travancore	Services	2013 - Ongoing	Arrangement for selling the Company's Credit Cards through Bank networks	No

19	State Bank of Hyderabad	Services	2013 - Ongoing	Arrangement for selling the Company's Credit Cards through Bank networks	No
20	State Bank of Patiala	Services	2013 - Ongoing	Arrangement for selling the Company's Credit Cards through Bank networks	No
21	State Bank of Bikaner & Jaipur	Services	2013 - Ongoing	Arrangement for selling the Company's Credit Cards through Bank networks	No
22	State Bank of Mysore	Services	2013 - Ongoing	Arrangement for selling the Company's Credit Cards through Bank networks	No
23	State Bank of Travancore	Services	Ongoing	Day to day operations of bank accounts with SBI	No
24	State Bank of Hyderabad	Services	Ongoing	Day to day operations of bank accounts with SBI	No
25	State Bank of Patiala	Services	Ongoing	Day to day operations of bank accounts with SBI	No
26	State Bank of Bikaner & Jaipur	Services	Ongoing	Day to day operations of bank accounts with SBI	No
27	State Bank of Mysore	Services	Ongoing	Day to day operations of bank accounts with SBI	No
28	SBI Life Insurance Company Limited	Services	11-06-2010 - Initial term 3 years, automatic renewal thereafter	Commission Received	NA
29	SBI Life Insurance Company	Services	01 st March 2016 Onwards	Introduction of new product "sampoorna suraksha" from SBI Life Ins Co. Ltd	No

30	Limited SBI General Insurance Company Limited	Services	April 2016 Onwards	Arrangement of Distributing General insurance Products for SBI General Ins Co. Ltd	No
31	SBI Cap Trustee Co. Ltd	Services	26-Sep-2012 - till 28-09-2019	Appointed as trustee for Debenture series 4 issued on 28-09-2012	No
32	SBI General Insurance Company Ltd.	Services	06-08-2015 to 05-08-2016	D&O Policy cover of Rs. 10 crores	Yes
33	SBI Funds Mgmt Pvt Limited	Services	Ongoing	Investments done in accordance with Investment Policy of the Company	NA
34	General Electric Capital Corporation	Services	Ongoing	Training and other services relating to recruitment, COE, HR OPSCOE and payroll	No
35	GE India Industrial P Limited	Services	Ongoing	HR Recruitments, HR Ops, Training Exp & SSS Invoice Processing (INR 6,925,740)	No
36	KMP remuneration	Service	Ongoing	As per Policy of the Company	No
37	Sitting Fee	Service	NA	Rs. 15,000 for Board Meeting Rs. 10,000 for Committee Meeting Paid to directors who are not employees of JV Partners	No

*Please refer to point 28 of Notes to Financial statements

**Necessary Approvals required for the transactions have been duly taken

Date: 28/07/2016

Place Mumbai

A. B. Bhatnagar
Chairman

Din 02011213

SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED

Related Party Transaction Policy

Secretarial Department – V05
27/10/2015

Related Party Transaction Policy

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Related Party Transaction Policy

1. Preamble

SBI Cards and Payment Services Private Limited (the "Company") has formulated this policy on Related Party Transactions in line with the requirements of Section 188 of the Companies Act, 2013 ("Act"), including the rules made thereunder and the RBI Circular no. RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014.

Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements transactions between the Company and Related Parties. The related party transactions falling under the provisions of Section 188(1) of the Act are required to be disclosed in the Boards' Report along with the justification for entering into such transactions. In terms of the aforesaid RBI Circular the Company is required to disclose the details of all material transactions with related parties in the Boards' Report and is also required to disclose the policy on dealing with Related Party Transactions on its website and in its Boards' Report.

2. Objective

The objective of this policy is to regulate transactions between the Company and its related parties based on the laws and regulations applicable on the Company. All Related Party Transactions, as that term is defined in this policy, shall be subject to review /approval/ratification in accordance with the procedures set forth below in order to ensure the transparency and procedural fairness of such transactions. Section 188 requires a company to obtain approval of the Board and of the members, in certain situations, prior to entering of any transaction or agreement with a related party.

3. Definitions

a. "Arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest or vested interest in that transaction.

b. "Ordinary Course of business"

Related Party Transactions that are part of regular operative activities, and connected financial activities, of any organization in similar business and size shall be considered to be in the ordinary course of business operations.

Following are some of the criteria that may be considered for determining whether the transaction is in the ordinary course of business:

- i. Nature: Whether the scope of the transaction is generally consistent with the Company's business activities and whether the Company enters into, or can enter into, similar transactions with a third party;

Related Party Transaction Policy

- II. Frequency: Whether the transaction is of a nature regularly carried out by the Company, is an important indication that classifies the transaction to be within the Company's ordinary course of business operations;
- III. Size of transaction: Whether the transaction value is within the reasonable range for similar types of other transactions. An exceptionally large value transaction should invite closer scrutiny.

These are not exhaustive criteria and the Company will assess each transaction considering its specific nature and circumstances.

- c. "Board" means Board of Directors of the Company.
- d. "The Company" means SBI Cards and Payment Services Private Limited
- e. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner;
- f. "Committee" means the Audit Committee of the Company.
- g. "Key Managerial Personnel ("KMP")" means key managerial personnel as defined under the Companies Act, 2013 and includes the following, if applicable;
 - a) the Chief Executive Officer or the Managing Director or the Manager;
 - b) the Company Secretary;
 - c) the Whole-time Director;
 - d) the Chief Financial Officer; and
 - e) Such other officer as may be prescribed under the Act.
- h. "Associate Company", means any company in which the Company controls at least twenty per cent of total share capital or of business decision under an agreement, but which is not a subsidiary of the Company but includes a Joint Venture Company.
- i. "Material Related Party Transaction" means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the company.
- j. "Policy" means Related Party Transaction Policy.
- k. "Related Party" shall have the same meaning as assigned to in the Companies Act 2013, as amended from time to time.
- l. "Related Party Transaction" means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. A

Related Party Transaction Policy

"transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

m. "Relatives" mean such person as defined in Section 2(77) of the Companies Act 2013, as amended from time to time.

As per Section 2(77) of the Companies Act, 2013 and Rule 4 of Companies (specification of definitions details) Rules, 2014 following are covered under definition of relatives:

- 1) Members of HUF
- 2) Spouse
- 3) Father (includes step-father).
- 4) Mother (includes the step-mother).
- 5) Son (includes the step-son).
- 6) Son's wife
- 7) Daughter
- 8) Daughter's husband
- 9) Brother (includes the step-brother).
- 10) Sister (includes the step-sister).

4. Identification of Related Parties and Process for entering into a Related Party Transaction

The following process shall be followed to ensure all related parties are identified in order to obtain the requisite approvals for any transactions with such related parties:

- 1) Every director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals, including his shareholding, shall furnish Form MBP-1 "Notice of Interest by Director" pursuant to Section 184(1) and Rule 9 of the Companies (Meeting of Board and its Powers) Rules, 2014.
- 2) Every Director shall also furnish declaration in relation to their relatives, their relatives' partnership in firms, interest/shareholding/directorships in private companies and public companies.
- 3) Declaration by KMPs of the Company regarding relatives and entities over which they are able to exercise significant influence etc.
- 4) Declaration by the Director and Manager whether the Board of Directors, managing director or manager of any other body corporate is accustomed to act in accordance with his/her advice, directions or instructions (given otherwise than in a professional capacity)

Related Party Transaction Policy

- 5) Declaration by directors and manager of Company whether they are accustomed to act in accordance with the advice, directions or instruction of any person (given otherwise than in a professional capacity) and if yes particular of such persons(s).
- 6) Declaration by the CFO whether any company is a holding, subsidiary or an associate company (including a joint venture company) of the company or a fellow subsidiary company, if yes, particulars of relevant companies to be provided.
- 7) Declaration by Company Secretary regarding any individual owning, directly or indirectly, an interest in the voting power of the Company that gives such individual control or significant influence over the Company.

The Company strongly prefers to receive such declarations/ notice of any potential Related Party Transaction well in advance so that the Board has adequate time to obtain and review information about the proposed transaction. The above declarations shall be collated and maintained by the Company Secretary. Further, the declarations so collated shall be revisited on a quarterly basis to add, remove and modify the name of the Identified related party.

On the basis of declaration received as detailed above, Corporate Secretarial Department shall maintain a database of Company's Related Parties. The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year and share the same with the senior management team of the Company.

The process for entering into a Related Party Transaction will be as set out below:

Transactions with Related Parties shall generally be in the form of master agreements which would define the terms governing individual transactions / work orders / purchase orders (Sub-transactions) to be undertaken under the agreement.

The Company will:

- a. Identify the transactions with Related Parties;
- b. perform tests to determine whether the transaction is in the ordinary course of business operations or otherwise;
- c. review the commercial terms involved in the transaction and analyze whether the transaction is at 'arm's length' as if the party is unrelated;
- d. determine the approval requirements applicable to the transaction in accordance with this Policy and applicable laws ;
- e. prepare and maintain relevant documentation supporting the basis of its assessment;
- f. present the required details to the Audit Committee/Board or Shareholders for approvals as required; and
- g. execute agreement once the approvals are obtained.

Related Party Transaction Policy

In connection with its review of a Related Party Transaction, the Company will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party's interest in the Related Party Transaction. Company shall inter alia refer to the transfer pricing provisions under Income Tax Act or OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administration for determining the arms' length criteria.

Company shall also consider, whether the Related Party Transaction would present a conflict of interest with respect to any director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the director/KMP or other Related Party, the direct or indirect nature of the director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors deems relevant

5. Approval of the Audit Committee

In accordance with the section 177 of the Companies Act, 2013, all related party transactions will require approval of the Audit Committee even if the transaction is in the ordinary course of business and at arm's length price. (RBI/2015-16/12 DNBR (PD) CC.No.053/03.10.119/2015-16 dated 01-07-2015)

6. Approval of Board

Subject to the exemptions as prescribed under Section 188 (1) of the Act related party transactions which are required to be approved by the Board of the Company under the provisions of the Act shall be entered into and acted upon, only after such approval is accorded by the Board.

Any director of the Company who is concerned or interested in a contract or arrangement, shall in terms of the provisions of the Act, disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed.

The Chief Compliance Officer shall certify on quarterly basis to the Board of Directors on the due compliance of laws on related party transactions of the Company.

Management shall present to the Board the following information, to the extent relevant, with respect to the Related Party Transactions for their approval:

- 1) the name of the related party and nature of relationship;
- 2) the nature, duration of the contract and particulars of the contract or arrangement;
- 3) the material terms of the contract or arrangement including the value, if any;
- 4) any advance paid or received for the contract or arrangement, if any;
- 5) justification for entering into such contract arrangement or transaction;

Related Party Transaction Policy

- 6) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- 7) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- 8) any other information relevant or important for the Board to take a decision on the proposed transaction

7. Transactions with related parties requiring shareholders approvals

- a. Subject to the exemptions as prescribed under the Companies Act, 2013, the Company shall take necessary approvals from the shareholders while entering into the related party transactions in case the value of the transactions exceeds the limits as prescribed under the provisions of the Act.
- b. The related party in the context to the contract or arrangement, shall abstain from voting on such resolution wherever the approval of the shareholders are required.

8. Exemption from approval

Notwithstanding the foregoing, the following transactions shall not require approval of Board or Shareholders:

- 1) Any transaction that involves the providing of reimbursements or advances to a director or KMP to meet expenditure in the course of his or her duties as such Director or KMP of the Company;
- 2) Any remuneration paid to a director or KMP as per the policy of the Company and/or under the provisions of the Companies Act, 2013;
- 3) Sitting fees paid to director(s) in terms of the provisions of the Companies Act, 2013;

9. Exceptions

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Board. The Board shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

10. Amendment or modification in the policy

The policy on Related Party Transactions shall be amended or modified as and when required by the approval of Board.

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy

Annual Report on CSR activities (SBICPSL) for the year 2015-16

1. **A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs**

The company's mission is to be part of the initiatives that work for the overall betterment of people of the nation, ensuring development across different strata of society, geography and ability. We look to extend our guiding principles to bring about impactful change that is sustainable and scalable.

Vision of the company is to empower the community through education, skills and access to the quality health and sanitation facilities.

The organization has outlined the following key focused areas for CSR activities :-

- (i) Livelihood and Skill Enhancement
- (ii) Education
- (iii) Sanitation and Health
- (iv) Contributions to Government funds and initiatives, like Prime Minister Relief Fund, Clean Ganga Fund and Swachh Bharat Kosh
- (v) Eradicating hunger, poverty and malnutrition; promoting preventive health care & sanitation and making available safe drinking water.
- (vi) Promoting gender equality, empowering women, setting up homes & hostels for women & orphans; setting up old-age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

The CSR Policy is available on SBI Card website www.sbicard.com

2. **The composition of the CSR Committee as on 31st March 2016:**

Following are the members of SBI Cards CSR Committee :-

- a) Mr. N. Krishnamachari
- b) Mr. Ashish Sharma

Note: Position of one of the member of the CSR Committee is vacant as on the date of Report.

3. **Average net profit of the company for the last three financial years**

Average net profit of the company for the last three years is Rs.232,01,38,096/- as mentioned below :-

Financial Year	Net Profit (INR)
2012-13	94,77,98,753
2013-14	309,71,29,309
2014-15	291,54,86,227
Total for the last 3 years	696,04,14,289
Average	232,01,38,096

4. **Prescribed CSR Expenditure**
[2 (two) percent of the amount in item 3 above]

The prescribed CSR expenditure for FY 2015-16 was Rs.4,64,02,762/- (2% of Rs. 232,01,38,096)

5. **Details of the CSR spent during the financial year :**

- a. Total amount to be spent for the financial year : Rs. 4,64,02,762/-
b. Amount unspent, if any : NIL
c. Manner in which the amount is spent during the financial year :


S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (i) Local area or other (ii) Specify the state & district where the project or program was undertaken	Amount outlay (budget) project or program wise INR	Amount spent on the projects / programs Subheads : (i) Direct expenditure on projects or programs (ii) Overheads INR	Cumulative expenditure upto the reporting period INR	Amount spent direct or through implementing agency
1.	To impart hands-on science education program for economically disadvantaged children & teachers of Govt. schools, through Mobile Science Labs (on vans & bikes), Science Centres etc. across 13 states in India	Promoting Education	Maharashtra, Bangalore, Delhi NCR, Mewat, Dehradun, Coimbatore, Bhopal, Haryana, Kuppam (A.P.), Jharkhand, Orissa, Bihar and Uttar Pradesh	2,27,03,208	1,67,81,836	1,67,81,836	Through Agastya International Foundation
2.	Educating & empowering underprivileged children and women by making them self-sufficient (Education, Empowerment & Employment)	Promoting Education	Local area	12,31,700	12,31,700	12,31,700	Through Literacy India
3.	To provide primary healthcare facilities to the under-privileged in selected areas, where the healthcare facilities are missing / negligible, through Mobile Medical Units	Promoting Healthcare	Local area	64,95,140	22,26,750	22,26,750	Through Smile Foundation
4.	To provide support to deprived, bed-ridden, mentally disabled & abandoned senior citizens, HIV/AIDS patients, female victims of rape & abuse, people dying with hunger / suffering from incurable diseases	Old-age homes	Local area	18,98,000	18,98,000	18,98,000	Through The Earth Saviours Foundation
5.	Prime Minister National Relief Fund	Government approved fund		2,42,64,476	2,42,64,476	3,72,64,476 (FY 2014-15 : 1,30,00,000 FY 2015-16 : 2,42,64,476)	Direct
	TOTAL			5,65,92,524	4,64,02,762		

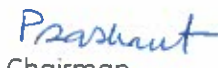
6. In case the company is unable to spend 2% of the average net profit for the previous 3 financial years or any part thereof, the company shall provide the reasons for not spending the amount :



The organization has spent the amount stipulated for the financial year 2015-16.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and the Policy of the company :

The organization has followed the specified norms and procedures in identification and contribution of funds, in accordance with the CSR objectives and approved CSR Policy.


Chief Executive Officer
SBICPSL
ABQPJ2160F


Chairman
CSR Committee
07562475


Chairman
SBICPSL
02011213 

SBI CARDS AND PAYMENT SERVICES PVT LTD (SBICPSL)

NOMINATION & REMUNERATION POLICY

(Framed under Section 178(2) & (3) of Companies Act, 2013 & RBI circular No. 2014-15/552 DNBR (PD) CC.No. 029/ 03.10.001/ 2014-15 April 10, 2015

1. PREAMBLE

RBI has in its circular no. RBI/2014-15/552 DNBR (PD) CC. No. 029/ 03.10.001/2014-15 (hereinafter referred to as the "RBI Circular"), dated April 10, 2015 stated that all applicable NBFCs shall form a Nomination Committee to ensure 'fit and proper' status of proposed/ existing directors. The Nomination Committee constituted under this paragraph shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

The Board has vide Circular Resolution passed on June 2, 2015 renamed the Nomination Committee as Nomination and Remuneration Committee.

2. POLICY

In compliance of Section 178 (2), (3) and (4) of the Companies Act 2013 and the RBI Circular, SBICPSL has formulated criteria/ Policy relating to the nomination of Directors and Senior Management employees and remuneration for the Directors, Key Managerial Personnel and other employees of the Company.

3. OBJECTIVE

The Key Objectives of the Policy shall be:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Identify persons who are qualified to become Director and who may be appointed as Key Managerial Personnel and in senior management.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- To formulate criteria for evaluation of every directors performance and to carry out the same;
- To formulate Policy relating to the remuneration for the directors, key managerial personnel and other employees.

4. DEFINITIONS

"Board" means Board of Directors of the Company.

"Company" means SBI Cards and Payment Services Pvt. Limited..

"Director" means Director of the Company.

"Independent Director" means an Independent Director referred to in Section 149(6) of the Companies Act 2013.

"Key Managerial Personnel" (KMP) means

- Manager & CEO
- Company Secretary
- Chief Financial Officer

"Senior Management Personnel "means

personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the CEO, including the functional heads.

5. Constitution

The Nomination and Remuneration Committee of the Board consists of 3 members, of which two are the nominees of State Bank of India and one is the nominee director of GE Capital. The role of the Committee is as under:

6. Role of the Committee

The Committee shall:

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and removal;
- To carry out evaluation of every director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- To establish criteria for fit and proper as per the guidelines issued by Reserve Bank of India or any other regulatory body or applicable statute, rule or regulation.

- To evaluate the composition and size of the Board in order to ensure that the Board is comprised of members reflecting the proper expertise, skills, attributes and personal and professional backgrounds for service as Director of the Company.
- To establish, implement and monitor policies and processes regarding principles of corporate Governance in order to ensure the Board's compliance with its fiduciary duties to the Company and its shareholders
- Such other functions/area/term as desired/referred by the Board from time to time or required under applicable law /listing agreement, for time being in force.

7. Appointment/ Nomination of Directors, Key Managerial Personnel & Senior Management Personnel

(i) Appointment criteria and Qualification of Directors

The Director shall possess appropriate skills, experience and knowledge in one or more fields of Finance, Banking, Law, Management, sales, marketing, administration, research, Corporate Governance, technical operations or other disciplines related to the Company's business.

The Director shall fulfil the requirements of Company's Policy on fit and proper criteria for directors and shall be appointed and hold position in accordance with the Joint Venture Agreement, Companies Act, 2013 and Articles of Association of the Company.

Maximum Term/ Tenure of Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a Special Resolution by the Company.

No Independent Director shall hold office for more than two consecutive terms of 5 years each, but such independent Director shall be eligible for appointment after expiration of 3 years of ceasing to become an independent Director.

Independence of Independent Directors

The Independent Director has or had no pecuniary relationship with the Company, its holding or associate Company, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year.

(ii) Appointment criteria and qualification of KMP and persons in Senior Management

A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment, as per Company's requirements and applicable laws. Also, the appointment of KMP and persons in Senior Management to be recommended by Advisory Committee as per JV Agreement.

(iii) Evaluation

The Committee shall carry out evaluation of performance of every Director at regular interval (Yearly). Format of evaluation shall be as per Annexure I.

(iv) Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations. Otherwise, the power of removal rests with the executives of the Company as per the HR Policy.

8.

Remuneration to Directors/ Key Managerial Personnel/ Senior Management Personnel & other employees

- The Directors nominated by State Bank of India/ G E Capital and who are full - time employees of the Bank or G E Capital will not get any Remuneration from the Company including sitting fees.
- The Independent and other Non - Executive Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- Remuneration paid to KMPs and to other employees:
 - Manager & CEO is a person on deputation from State Bank of India. His/her Remuneration & perquisites will be as per the scales of salary in State Bank of India.
 - CFO is a person on deputation from State Bank of India. His/her Remuneration & perquisites will be as per his scales of salary in State Bank of India.

- o Other deputees from State Bank of India shall be paid Remuneration & perquisites as per their scales of salary in State Bank of India.
- o Other deputees from GE Capital shall be paid Remuneration & perquisites as per the market rate for such positions, by the Company.
- o Other employees and Company Secretary shall be paid Remuneration & perquisites in accordance with processes and procedures followed by the Company to determine the Remuneration & perquisites.
- o Criteria of performance evaluation and payment of Performance Linked Incentive to KMPs, Senior Management Personnel and other employees shall be in accordance with Company's Policy.

9.

The Nomination and Remuneration Policy will be subject to review as and when required.

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this policy with any existing legislations, rules, regulations or laws, the provisions of such law, legislation, rules, regulation or enactment shall prevail over this Policy.

Annexure I

PERFORMANCE OF INDIVIDUAL DIRECTORS (Directors Survey Form)

(Note: To be submitted by each Director to the Chairman of NRC)

Name of the Director:

Date:

Sr · N o	Particulars	Rank	Remarks, If any
1	I have full knowledge of Company strategy and objective and can monitor performance.		
2	I understand my role as Director, as distinct from management.		
3	In my view knowledge and experience of the Board have been adequately and productively used.		
4	I have made efforts at professional development to enable better fulfillment of my responsibilities.		
5	I come fully prepared for Board / Committee meetings.		
6	I can question / critique proposals with confidence.		
7	I have participated effectively and openly in Board discussions.		
8	I keep stakeholder interest as my touchstone in endorsing decisions.		

Rank on a scale of 1 (very poor) to 5 (Excellent) and / or provide remark.

Signature:

Particulars of Employees

Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S. No.	Name of the Employee	Designation and Nature of Duties	Relation with any director/C EO of the Company	Nature of Employment, whether contractual or otherwise and other Terms and Conditions	Remuneration Annum (Rs.)	Qualification and Age	Experience (Years)	Share holding %	Date of Commencement of Employment	Last Employment
1	Amit Batra	Vice President - Sales	NA	Full Time Employee (FTE)	9,700,067	IHM, Calcutta, 43 Years	23	NA	1-Apr-08	GE Capital Business Process Management Services Private Limited
2	Manish Dewan	Vice President - Sales	NA	Full Time Employee (FTE)	10,041,728	BE Mechanical, MBA from IIM, 48 Years	24	NA	1-Oct-11	GE Capital Business Process Management Services Private Limited
3	Aparna Kuppaswamy	Chief Risk Officer, SBI Cards	NA	Full Time Employee (FTE)	10,956,988	BSc Chem (H)+ Master of Finance and control, 44 Years	20	NA	1-Apr-09	GE Money

4	Tarun Mehndiratta	Vice President - Sales	NA	Full Time Employee (FTE)	8,211,804	BCOM(H)+ PGDM in Marketing Science from Institute of Marketing & Management, 45 Years	19	NA	1-Jun-11	GE Capital Services India
5	Ugen Tashi Bhutia	Vice President- Legal	NA	Full Time Employee (FTE)	6,989,048	LLB, 39 Years	14	NA	2-Jan-12	Lakshmi Kumaran and Sridharan (Law Firm)
6	Girish Budhiraja	Vice President- Marketing	NA	Full Time Employee (FTE)	11,698,373	B.Tech from Indian School Of Mines, LLB from DU, PGDBM from IIM, Bangalore, 44 Years	21	NA	22-Oct-12	American Express
7	Rana Biswas	Vice President- Sales Force Effectiveness	NA	Full Time Employee (FTE)	6,373,530	BSc & Executive MBA-ISB, 45 Years	25	NA	1-Nov-06	Birla Sunlife Insurance

8	Rinku Sharma	Vice President - Compliance	NA	Full Time Employee (FTE)	6,893,443	BSC (Hons) Chemistry, MBA (Marketing & Finance), 42 Years	21	NA	1-Nov-12	GE Capital
9	Gopal Prasad Malakar	Vice President - Marketing	NA	Full Time Employee (FTE)	5,681,748	BE, MBA, 40 Years	15	NA	17-Mar-10	TCS E-Serve Ltd
10	Amit Sinha	Vice President - Co-Brands, Central Telecalling & Fulfillment	NA	Full Time Employee (FTE)	5,748,780	BSC (PHYSICS HONS.), MBA (MARKETING), 38 Years	10	NA	28-Nov-05	ICICI Bank Ltd.

Date: 28/07/2016
Place: Mumbai

For and on behalf of the Board of Directors
A. Bhattacharya
CHAIRMAN
DIN: 02011213



Extract of Annual Return
{Form No. MGT 9}

1. Registration and other details of Company

CIN	U65999DL1998PTC093849
Registration Date	15-05-1998
Name of the Company	SBI Cards and Payment Services Private Limited
Category / Sub-Category of the Company	Private Limited Company
Address of the Registered office and contact details	UNIT 401 & 402, 4TH FLOOR, AGGARWAL MILLENNIUM TOWER, E- 1,2,3, NETAJI SUBHASH PLACE, WAZIRPUR, NEW DELHI - 110034 Telephone with STD : 0124 - 4589798 Fax Number : 0124 - 3987306 E-Mail Address : payalm.chhabra@sbicard.com
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Debentures Zuari Investments Limited First Floor, 5 Commercial Centre, Jasola, New Delhi - 110025 Telephone with STD : 91-11-46581300/41697900 Fax Number : 011-40638679 E-Mail Address : rta@adventz.zuarimoney.com
	Equity Shares SHAREPRO SERVICES (I) PVT. LIMITED, 13AB, Samhita Warehousing Complex, 2 nd Floor, Sakinaka, Andheri (E), Mumbai - 400072. Telephone with STD : 022-67720300 Fax Number : 022 - 28591568 E-Mail Address : sharepro@shareproservices.com

2. Principal Business Activity of the Company:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Credit Card Business	Division 64 & 66	100%

3. Particulars of Holding, subsidiary and associate Company

Sl. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary / associate	% of shares held	Applicable Section
1.	STATE BANK OF INDIA State Bank Bhavan, Corporate Centre, Madame Cama Road, Nariman Point, Mumbai, Maharashtra 400021	-	Holding	60	2(46)

4. Shareholding Pattern of the Company

a. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters (1) Indian Banks / FI SBI	471,000,000	2	471,000,002	60%	471,000,000	2	471,000,002	60%	0
Sub-total (A) (1):-	471,000,000	2	471,000,002	60%	471,000,000	2	471,000,002	60%	0

			2			2			
(2) Foreign Bodies Corp. GE CAPITAL MAURITIUS OVERSEAS INVESTMENT S	294,000,000	20,000,000	314,000,000	40%	314,000,000	0	314,000,000	40%	0
Sub-total (A)(2):-	294,000,000	20,000,000	314,000,000	40%	314,000,000	0	314,000,000	40%	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	765,000,000	20,000,002	785,000,002	100%	785,000,000	2	785,000,002	100%	0
B. Public Shareholding	NIL								
Sub-total (B)(1):-	Nil								
C. Shares held by Custodian for GDRs & ADRs	Nil								
Grand Total (A+B+C)	765,000,000	20,000,002	785,000,002	100%	785,000,000	2	785,000,002	100%	0

b. Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
								% change in share holding during the year

1.	SBI	471,000,002	60%	0	471,000,002	60%	0	0
2	GE CAPITAL MAURITIUS OVERSEAS INVESTMENTS	314,000,000	40%	0	314,000,000	40%	0	0

- c. Change in Promoters' Shareholding: **No Change**
- d. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): **Nil**
- e. Shareholding of Directors and Key Managerial Personnel: **Nil**

5. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year			NIL	
i) Principal Amount	44,580,581,642	2,400,000,000		46,980,581,642
ii) Interest due but not paid				
iii) Interest accrued but not due		63,207,397		63,207,397
Total (i+ii+iii)	44,580,581,642	2,463,207,397	NIL	47,043,789,039
Change in Indebtedness during the financial year			NIL	
• Addition	177,267,884,538	5,669,783,637		182,937,668,176
• Reduction	170,411,741,070	226,694,080		170,638,435,150
Net Change	6,856,143,468	5,443,089,557	NIL	12,299,233,026
Indebtedness at the end of the financial year			NIL	
i) Principal Amount	51,436,725,110	7,833,197,561		59,269,922,671
ii) Interest due but not paid				
iii) Interest accrued but not		73,099,394		73,099,394

due				
Total (i+ii+iii)	51,436,725,110	7,906,296,955	NIL	59,343,022,064

Note: Principal Amount is net of unamortised discount of Rs. 397,210,484 (Previous Year-402,714,312) in secured loans & Rs. 66,802,439 (Previous Year-Nil) in Unsecured loans

Beside this Secured Finance Lease obligation as on March 31, 2016 was Rs. 11,352,182/- and as on March 31, 2015 was Rs. 73,76,246/-

6. Remuneration of Directors and Key Managerial Personnel mentioning their gross salary, value of perquisites, profits in lieu of salary, etc

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration for Manager – Shri Vijay Jasuja	Total Amount (In Rs.)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	5,816,806
2	Stock Option	0
3	Sweat Equity	0
4	Commission - as % of profit - others, specify...	0
5	Others, please specify	0
	Total A	5,816,806
	Ceiling as per the Act	NA

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of Directors	Total Amount
	Non-Executive Director	Sh. Dipankar Basu Sh. Ashwini Kumar Sharma Sh. Percival Sam Billimoria	
1.	Sitting Fee	121,500	67,500
	Total	13,500	2,02,500
	Ceiling as per the Act	NA	NA

C. Remuneration to key managerial personnel other than MD/manager/WTD

Sl. no.	Particulars of Remuneration	Total Amount	
		CFO	Company Secretary
1.	*Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	4,204,213	2,808,669
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission - as % of profit - others, specify...	0	0
5.	Others, please specify	0	0
	Total A	4,204,213	2,808,669

7. Penalties/punishment/compounding of offences

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made. if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					

C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

for and on behalf of the Board of Directors

A. Bhatnagar

Date: 28/07/2016
Place: Mumbai

CHAIRMAN:
DIN: 02011213

[Signature]



Gandhi Minocha & Co.

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of SBI Cards and Payment Services Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of SBI Cards and Payment Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principal generally accepted in India including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



We conducted our audit in accordance with the Standards on Auditing Specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of the Matter

We draw attention to the following matters in the Notes to the financial statements:

- (a) Note No. 42 to the financial statement on change of Accounting Policy which is having the following impacts

Particular	Impact on profitability	
	Decrease	Increase
Change in policy on account of RBI circular of "Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances- Credit Card Accountants" dated July 16,2015	86,462,147.74	0
Change of Policy for Unidentified receipts and Stale Cheques	0	41,714,294.00
Total (Rs)	86,462,147.74	41,714,294.00

Our opinion is not modified in respect of these matters.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016("the Order"), issued by the Central Government of India in term of sub-section (11) of section 143 of the Act, we give in the Annexure "1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. The Comptroller and Auditor General of India has issued the directions indicating the areas to be examined in term of Sub Section (5) of Section 143 of the Companies Act, 2013, the compliance of which is set out in Annexure "2".

As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representation received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as director in terms section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure "3"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 33 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts.



- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

PLACE: DELHI

FOR GANDHI MINOCHA & CO
CHARTERED ACCOUNTANTS
FRN: 000458N



**Annexure "1" (revised) to Independent Auditors' Report
(Referred to in our report of even date)**

- i) In respect of fixed assets:
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The company has a regular program of physical verification of its fixed assets by which all fixed assets are verified once in a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) According to information and explanation given to us, the company is not having any immovable property. Thus paragraph 3(i) (c) of the order is not applicable to the company.
- ii) The company is a NBFC and primarily rendering credit card services. Accordingly, it does not hold any physical inventories. Thus paragraph 3(ii) of the order is not applicable to the company.
- iii) The Company has granted unsecured loans in form of credit cards to eight directors who are parties covered in the register maintained under section 189 of the Companies Act, 2013. The maximum amount outstanding during the year was Rs. 14,79,470/- and the year-end balance of such loans was Rs. 2,40,948/-. The Company has granted unsecured loans in form of credit cards, to 10 companies covered in the register maintained under section 189 of the Companies Act, 2013. The maximum amount outstanding during the year was Rs 1,10,06,092/- and the year-end balance of such loans was Rs 86,17,791/-.
- (a) In our opinion the terms & conditions of the grant of such loans were not prima facie prejudicial to the company's interest.
 - (b) In the case of loans granted in the form of Credit Card to the persons listed in the register maintained under section 189 of the Act, the borrower have been regular in the repayment of the principal and interest as stipulated.
 - (c) There are no overdue amounts in respect of the loan granted to parties listed in register maintained under section 189 of the Act.
- iv) In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction in respect of loan, investment, Guarantee & security covered under the provisions of section 185 and 186 of the Act. Thus paragraph 3(iv) of the order is not applicable to the company.
- v) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not accepted any deposits from public during the year within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules frame there under.



- vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies act, 2013 for any of the services rendered by the Company.
- vii) (a) According to information & explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of the undisputed statutory dues including Provident fund, Employees State Insurance, Income tax, Sales-tax, Service tax, Customs duty, Value Added Tax, Cess and any statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Excise Duty.
- (b) According to the information and explanations given to us, dues in respect of Income Tax/Sales tax /Duty of Customs/Duty of Excise/Value Added Tax/Cess have not been deposited on account of any dispute are as under:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Service Tax	Service Tax demand on Incentive Income	17,941,270.00	F.Y. 2003-04 to 2006-07	Customs, Excise and Service tax appellate Tribunal
Service Tax	Service Tax demand on Incentive Income	4,568,042.00	F.Y. 2007-08 to 2008-09	Commissioner of Central Excise (Appeals)
Service Tax	Service Tax demand on Incentive Income	2,340,362.00	F.Y. 2009-10	Customs, Excise and Service tax appellate Tribunal
Service Tax	Denial of Cenvat credit in proportion of income derecognized and Denial of Cenvat credit on certain input services	160,180,298.00	F.Y. 2009-10	Customs, Excise and Service tax appellate Tribunal
Service Tax	Denial of Cenvat credit in proportion of income derecognized and Denial of Cenvat credit on certain input services	47,639,492.00	F.Y. 2000-11 to 2011-12	Customs, Excise and Service tax appellate Tribunal
	TOTAL	232,669,464.00		

Net of deposit of Rs. 11,80,650/-

- viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a banks or dues to debenture holders. The Company has not taken any loans or borrowings from financial institutions or Government.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.



- x) According to information and explanation given to us by the management, certain instances of customer frauds on the Company have been reported during the year. As informed, these primarily relate to fraudulent usage of credit cards issued by the company. The total amount involved in these frauds was Rs. 41,534,035/- (previous Year Rs. 26,181,971/-). As informed to us no fraud by the company has been committed and further no fraud on the company by its officers & employees has been noticed or reported during the year.
- xi) The Company is a Private Limited Company as such the provisions of Sec 197 of the companies Act are not applicable to the company. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- i) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. However, during the year company has issued 9.65% unsecured Non-Convertible Debentures worth Rs. 100 Crore and based on our examination of the records of the company requirement of Section 42 of Companies Act, 2013 has been complied with and the amount raised has been used for the purpose for which the funds were raised.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable
- xvi) The company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained.

PLACE: DELHI

FOR GANDHI MINOCHA & CO
CHARTERED ACCOUNTANTS

FRN: 00458N



MANOJ BHARDWAJ
(PARTNER)

M.NO. 098606

**Annexure "2" to Independent Auditors' Report
(Referred to in our report of even date)**

Report on direction and Sub- directions issued by the Comptroller and Auditor General of India under section 143(5) of Companies Act 2013 on accounts of SBI Cards and Payment Service Private Limited for the year ended 31.03.2016.

Directions for the year 2015-16.

I.		Title Deeds for freehold and Lease hold	
		Whether the Company has clear title /lease deeds for freeholds and leaseholds respectively? If not, please state the area of freehold and leasehold land for which title/ lease deeds are not available?	The company is not having any freehold property. The company has taken various office premises on lease as detailed in List '1'. As informed to us, and on examination of records there is no leasehold property for which lease deeds are not available.
II.		System of Accounts & Financial Control	
		Whether there are any cases of waiver/ write off of debtors/ loans/ interest etc., if yes, the reasons there for and amount involved.	The Company has a process by which waiver of loans/advances/interest take place only in cases of final settlement of delinquent accounts. The waivers are reviewed and are subject to approval on the basis of a pre-defined authority matrix. The total amount waived/settled during the current year amounts to Rs. 185,49,90,736.14, out of which Rs. 142,20,29,955.56 pertain to written off customers.
III.		Inventory	
		Whether proper records are maintained for inventories lying with third parties & assets received as gift / grant(s) from Govt. or other authorities?	This clause is not applicable as the Company does not hold any inventory neither any asset has been received as gift from Govt. or other authorities during the year.



Sub-Directions under section 143(5) of Companies Act 2013 for the year 2015-16.

On the basis of the books of accounts of the Company, the reply to the following questions and /or information required may be supplied: -

1.	Employee Benefits	
	Independent verification may be made of information/inputs furnished to Actuary, viz number of employees, average salary, retirement age and assumptions made by the Actuary regarding discount rate, future cost increase, mortality rate, etc for arriving at the provision for liability of retirement benefits, viz gratuity, leave encashment, post-retirement medical benefits etc.	Information provided to actuary with respect to actuarial valuation for employee liability has been obtained and verified by us during the course of audit.
2.	Investments	
	Whether the titles of ownership in respect of CGS/SGS/ Bonds/ Debentures etc. are available in physical/demat form and these, in aggregate, agree with the respective amounts shown in the Company's books of accounts? If not, details may be stated.	There is no investment of the Company at the end of year 31 st March 2016. Investments are purchased in demat form, and demat account shows only quantity. The same is in agreement with quantity as per other relevant data available for investment.



List '1' regarding Office Premises on lease forming part of Directions U/s 143(5) for the year 2015-16

Branch Name	Branch Address
Kolkata	3rd floor, Block A, Apeejay House, 15 Park Street, Kolkata - 700 016
Coimbatore	Door No.36/6 & 7, 1st floor, Ashirwadh Building, D.B. Road, R.S.Puram, Coimbatore 641002
Jaipur	Shop No.107, FF, Ganpati Plaza, M.I. Road, Jaipur 302001
Chennai	#141, 10th Floor, TVH Agnitio Park, Chennai, 600096
Gurgaon - Tower C	10th to 12th Floors, DLF Infinity Towers, Tower C, Block 2, Building 3, DLF Cyber City, Gurgaon 122002, Haryana
Gurgaon- Tower B	2nd Floor, DLF Infinity Towers, Tower B, Block 2, Building 3, DLF Cyber City, Gurgaon 122002, Haryana
Delhi	Fourth Floor, Unit No. 401,402 Aggarwal Millennium Tower, E-1,2,3, Netaji Subhash Palace, Wazirpur, New Delhi-34
Ahmedabad	Corporate house, Ashram Road Ahmedabad - 380009
Chandigarh	2nd floor, Palladium Towers, Plot No. 181/46, Industrial Area Phase-I,
Lucknow	Unit 706 & 707, 7th Floor, 'TITANIUM', Shalimar Corporate Park, TC/G - 1/1 Vibhuti Khand, Gomti Nagar
Bangalore	Brigade Terraces, Cambridge Road Ulsoor Bangalore- 560008
Cochin	5th Floor Arya Bhangy Pinnacle, 37/993 H, Sahodaran, Ayyappan Road, Elamkulam, Kochi 682035
Hyderabad	105 Ashoka Bhopal Chambers, S.P. Road, Secunderabad, Hyderabad
Mumbai	CTS No.5436/B, 5437-A, 5433-C1, 5428,5429/1,5429/2, 5430 and 5436-C, KoleKalyan, Off CST Road, Kalina, Santacruz (East)- Mumbai 400098
Pune	SKYVISTA, Lohegaon, Vinman Nagar, Pune - 411014





Gandhi Minocha & Co.

Chartered Accountants

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Compliance Certificate

We have conducted the audit of accounts of M/S SBI Cards & Payments Services Pvt. Ltd. for the year ended 31st March 2016 in accordance with the directions/ sub-directions issued by C & AG of India under Section 143(5) of Companies Act 2013 and certify that we have complied with all the directions/sub-directions issued to us.

PLACE: DELHI

FOR GANDHI MINOCHA & CO
CHARTERED ACCOUNTANTS

ERN: 00458N


MANOJ BHARDWAJ
(PARTNER)

M.NO. 098606

**Annexure - "3" to Independent Auditors' Report
(Referred to in our report of even date)**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SBI Cards and Payment Services Private Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for



external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

PLACE: DELHI
DATED: 27/4/16

FOR GANDHI MINOCHA & CO
CHARTERED ACCOUNTANTS
ERN: 000458N


MANOJ BHARDWAJ
(PARTNER)
M.NO. 098606



Gandhi Minocha & Co.

Chartered Accountants

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Non-Banking Financial Companies Auditors' Report

The Board of Directors
SBI Cards and Payment Services Pvt. Ltd,
DLF Infinity Towers,
11th Floor,
Gurgaon-India

Dear Sir,

Subject: -Non Banking Financial Companies Auditors Report (Reserve Bank) Directions

In addition to our report made under section 227 of Companies Act, 1956 (1 of 1956) on the Accounts of SBI Cards & Payment Services Private Limited ("The Company") for the year ending 31st March 2016 and as required by the Non-banking financial Companies Auditors Report (Reserve Bank) Directions, 1998 issued by Reserve Bank of India on the matters specified in Para 3 & 4 of the said Directions to extent applicable to the Company, we report that:

1. The Company had applied for Registration as provided in Section 45 IA of the Reserve Bank of India Act 1934 (2 of 1934) and has been granted certificate of registration (COR) by Reserve Bank of India on 06-10-1998 having registration number 14.01328.
2. According to the information & explanation given to us, the company is entitled to continue to hold COR in terms of its Assets/Income pattern as on 31st March 2016.
3. The Board Directors have passed the resolution not to accept public deposit during the year 1st April 2015 to 31st March 2016 as its board meeting held on 24th April 2015 accordingly company has not accepted any public deposit during the financial year ended 31st March 2016.
4. In our opinion and to the best of our information and according to explanation given to us, the Company has complied, in all material respect, with the prudential norms relating to income recognition, accounting standards, assets classification and Provisioning for Bad & doubtful debts as applicable to it in terms of Non-Banking Financial (Non Deposit Accepting or Holding) Companies



Prudential Norms (Reserve Bank) Directions 2007.

5. The Capital Adequacy Ratio as at 31st March 2016 as disclosed in the notes to Accounts has been correctly arrived at 18.13 % which is compliance with the minimum CRAR prescribed by the Reserve Bank of India: and
6. The Company has yet to furnish RBI the annual settlement of capital fund, risk assets/exposure and risk asset ratio (NBS 7). Due Date for filing the return is 30th June 2016.

The Report has been prepared by Gandhi Minocha & Company & Co., under the requirement of Non-Banking Financial Company Auditor reports (Reserve Bank) Direction and is prepared solely for the purpose of providing selected information as required by the said directions. This report is not intended for the general circulation or Publication and is not to be duplicated for any purpose without prior written consent.

PLACE: DELHI
DATED: 27/4/16-

FOR GANDHI MINOCHA & CO
CHARTERED ACCOUNTANTS

FRN: 00458N



MANOJ BHARDWAJ
(PARTNER)

M.NO. 098606

SBI Cards And Payment Services Private Limited
Balance Sheet as at 31 March 2016

(Amounts in Indian Rupees)

	Note no.	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	7,850,000,020	7,850,000,020
Reserves and surplus	3	3,700,391,166	1,806,271,149
		<u>11,550,391,186</u>	<u>9,656,271,169</u>
Non-current liabilities			
Long-term borrowings	4	3,411,352,183	2,407,376,246
Long-term provisions	5	453,267,826	319,110,374
		<u>3,864,620,009</u>	<u>2,726,486,620</u>
Current liabilities			
Short-term borrowings	6	55,869,922,671	44,580,581,642
Trade payables	7		
a) total outstanding dues of micro enterprises and small enterprises		3,339,268	7,906,383
b) total outstanding dues of creditors other than micro enterprises and small enterprises		855,608,758	897,187,694
Other current liabilities	8	2,870,389,210	2,337,188,938
Short-term provisions	9	3,789,226,237	2,367,761,196
		<u>63,388,486,144</u>	<u>50,190,625,853</u>
		<u><u>78,803,497,339</u></u>	<u><u>62,573,383,641</u></u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	20,647,283	16,172,835
Intangible assets	11		
		<u>20,647,283</u>	<u>16,172,835</u>
Deferred tax asset (net)	12	902,032,969	992,865,117
Long-term loans and advances	13	5,922,077,510	5,367,659,045
Current assets			
Cash and cash equivalents	15	2,744,611,711	2,914,627,580
Short-term loans and advances	16	68,537,477,719	52,939,342,147
Other current assets	17	676,650,147	342,716,917
		<u>71,958,739,577</u>	<u>56,196,686,644</u>
		<u><u>78,803,497,339</u></u>	<u><u>62,573,383,641</u></u>

Significant accounting policies & Notes to accounts
The accompanying notes are an integral part of the financial statements

1 to 48

As per our report of even date attached.

For Gandhi Minocha & Co.
Chartered Accountants
Firm Registration No.: 090458N
NEW DELHI
Mukul Bhardwaj
Partner
Membership No.: 98606

For and on behalf of the Board of Directors of
SBI Cards and Payment Services Private Limited

Director
DIN: 01659506

Director - Company Secretary
DIN: 07409751 Payal Mittal

Vijay Jasuja
Chief Executive Officer

Digmanu Gupta
Chief Financial Officer

Date: 27/4/16
Place: MUMBAI

Date: 27/04/16
Place: MUMBAI

SBI Cards And Payment Services Private Limited
Statement of Profit and Loss for the Year Ended 31 March 2016

(Amounts in Indian Rupees)

	Note no.	For the Year Ended 31 March 2016	For the Year Ended 31st Mar' 2015
INCOME			
Revenue from operations	18	23,868,216,500	18,197,395,017
Other income	19	1,053,601,616	847,390,542
Total Income		24,921,818,116	19,044,785,559
EXPENDITURE			
Employee benefit expenses	20	791,693,261	621,224,554
Finance cost	21	4,303,224,785	3,728,252,747
Depreciation and Amortisation expenses		8,433,974	7,750,905
Operating and other expenses	22	12,711,519,423	9,622,873,743
CSR Expenses	43	46,402,762	27,334,667
Bad debts written off / Provision for doubtful debt		2,678,739,261	2,330,654,023
Total expenses		20,540,013,466	16,338,090,639
Profit before tax & prior period items		4,381,804,650	2,706,694,920
Prior Period Item - Interest on income tax refunds		-	-
Profit before tax		4,381,804,650	2,706,694,920
Tax expense			
Current tax charge / (credit)		1,027,841,857	655,477,313
Current tax charge / (credit) - previous year		7,709,692	-
MAT Credit		430,969,299	371,627,930
MAT previous year		(14,555,296)	5,533,700
Deferred tax charge / (credit)		87,861,060	(992,865,117)
Deferred tax charge / (credit) - previous year		2,971,089	-
Profit for the period from Continuing Operations		2,839,006,949	2,666,921,094
Earnings per equity share (par value Re. 10 per share)			
- Basic		3.62	3.40
- Diluted		3.62	3.40

Significant accounting policies & Notes to accounts

1 to 48

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

For Gandhi Minocha & Co.

Chartered Accountants
Firm Registration No.: 004458N

Manoj Bhardwaj
Partner
Membership No.: 98606

For and on behalf of the Board of Directors of
SBI Cards and Payment Services Private Limited

Director
DIN 01659506

Director
DIN 07409731

Company Secretary
Payal Mittal

Vijay Jaisuja
Chief Executive Officer

Digmanu Gupta
Chief Financial Officer

Date: 27/04/16
Place: MUMBAI

Date: 27/04/16
Place: MUMBAI

SBI Cards And Payment Services Private Limited
Cash Flow Statement for the Year Ended 31 March 2016

(Amounts in Indian Rupees)

	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	4,381,804,650	2,706,694,916
Adjustments for :		
Depreciation	8,433,974	7,750,905
(Profit)/ Loss on sale of assets (net)	(189,846)	(221,851)
Employees stock options	(79,400)	564,516
Liabilities written back	(43,820,881)	(32,805)
Bad debts written off / provision for doubtful debts	2,678,739,261	2,330,654,023
Interest received		(430,389)
Provision for doubtful advances	476,139	(627,336)
Unamortised card acquisition costs	-	382,033,451
Unamortised membership fees and subvention income	249,448,624	408,065,927
Profit on sale of Investment	(5,242,121)	(5,805,068)
Debt issue expenses expensed off during the year	1,188,727	190,304
Amortisation of Interest on commercial papers	3,904,897,638	3,323,857,898
Commercial Paper Issuing Cost	40,052,070	29,848,767
Interest on debentures	236,576,927	186,846,329
Interest on Cash Credit	161,750,220	217,949,867
Foreign exchange loss (net)	3,972,403	(10,008,659)
Operating profit before working capital changes	11,618,008,385	9,577,330,795
Changes in Assets & Liabilities:		
(Increase)/ decrease in current assets		
- Loans and advances	(19,657,345,775)	(15,726,229,346)
Increase/ (decrease) in current liabilities and provisions		
- Current liabilities	267,418,497	730,924,399
- Provisions	1,457,147,243	559,005,502
Cash from/ (used) in operations	(6,314,771,650)	(4,858,968,650)
Finance Cost Paid:		
- Interest on Cash Credit	(161,750,220)	(217,949,867)
- Commercial Paper Issuing Cost	(40,052,070)	(29,848,767)
- Interest paid on debentures	(226,684,931)	(228,206,329)
- Interest paid on commercial papers	(3,975,808,250)	(2,718,924,750)
Income-tax paid	(863,035,923)	(734,884,481)
Net cash generated/ (used) in operating activities	(11,582,103,044)	(8,788,782,843)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (except assets taken on lease)	(469,342)	(1,992,985)
Investment purchased	(9,670,000,000)	(9,850,000,000)
Investment sold	9,675,242,122	9,855,805,068
Interest received		430,389
Sale of assets	1,689,149	2,078,079
Net cash from investing activities	6,461,929	6,320,551
C. CASH FLOW FROM FINANCING ACTIVITIES		
Secured Loans raised/(repaid) during the year		(7,500,000,000)
Cash credit raised/ (repaid) during the year	10,850,639,640	(2,643,054,492)
Finance Lease paid during the year	(9,818,862)	(9,483,069)
Debentures issued/(repaid) during the year	1,000,000,000	152,000,000
Commercial Papers raised/(repaid) during the year	509,612,000	20,549,046,966
Interim Dividend including Corporate Dividend Tax	(944,807,532)	(470,976,908)
Net cash from/ (used) in financing activities	11,405,625,246	10,077,532,497
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	(170,015,869)	1,295,070,206
Cash and cash equivalents as at the beginning of the year	2,914,627,580	1,619,557,374
Cash and cash equivalents as at the end of the year	2,744,611,711	2,914,627,580
	(170,015,869)	1,295,070,206



Handwritten initials and signature in blue ink.

SBI Cards And Payment Services Private Limited
Cash Flow Statement for the Year Ended 31 March 2016

(Amounts in Indian Rupees)

**For the Year Ended
31 March 2016**

**For the Year Ended
31 March 2015**

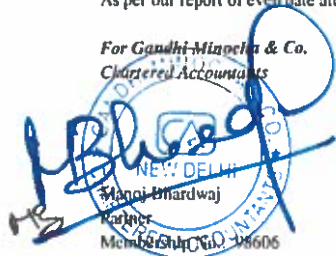
Note:

1. The cash flow statement has been prepared in accordance with the 'Indirect Method' as set out in the Accounting Standard (AS - 3) on 'Cash Flow Statement' issued by the Companies (Accounting Standards), Rules, 2006.
2. Cash and cash equivalents includes cash in hand, balances with scheduled banks in current and deposit accounts
3. Cash and cash equivalents includes Rs.2,00,000 (Previous year Rs 2,00,000) under lien with the bank for guarantees issued to Tax Authorities and Rs NIL (Previous year Rs.NIL) under lien with the Bank for Overdraft facility.
4. Cash and cash equivalents include:

	Amount (In Rs.)
Cash in hand	-
Balance with Scheduled banks on	
- Current accounts	2,744,411,711
- Deposit accounts	-
Cash and cash equivalents at the end of the year	2,744,411,711
Add : Fixed deposit with original maturity of more than 90 days	200,000
Cash and bank balances at the end of the year	2,744,611,711

As per our report of even date attached.

For Gandhi-Mishra & Co.
Chartered Accountants



Date:
Place:

27/04/16
MUMBAI

For and on behalf of the Board of Directors of
SBI Cards and Payment Services Private Limited

Director
DIN 01659506

Director
DIN 01409731

Company Secretary
Payal Mittal

Vijay Mulla
Chief Executive Officer

Digmanu Gupta
Chief Financial Officer

Date:
Place:

27/04/16
MUMBAI

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SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

Background

SBI Cards and Payment Services Private Limited ('the Company') is an unlisted non-deposit accepting systemically important non-banking financial company ('NBFC-ND-SI') registered with the Reserve Bank of India ('RBI'). The Company is a joint venture between State Bank of India and GE Capital Corporation, USA. The Company is engaged in issuing credit cards to consumers in India.

On 7 October 1998, the company received a Certificate of Registration from the RBI under section 45 IA of the Reserve Bank of India Act, 1934 to carry on the business of a Non-Banking Financial Institution without acceptance of public deposits. Accordingly, all provisions of the Reserve Bank Act 1934 and all directions, guidelines or instructions of the RBI that have been issued from time to time and are in force and as applicable to a Non-Banking Financial Company are applicable to the company,

The company also acts as corporate insurance agent for selling insurance policies to credit card customers. The company has been granted license on 01 March 2012 by the Insurance Regulatory & Development Authority (IRDA) under the Insurance Regulatory & Development Authority (Insurance brokers) regulations, 2002 to act as a corporate insurance agent, valid up to 12 September 2017.

1. Significant accounting policies

a. Basis of preparation of financial statements

The financial statements are prepared on a going concern basis under the historical cost convention on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and conform to the statutory requirements, circulars and guidelines issued by the RBI from time to time to the extent they are applicable to the company. The financial statements are prepared to comply in all material aspects the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies Accounts) Rules, to the extent applicable, as adopted consistently by the Company. The financial statements have been prepared in Indian rupees.

b. Use of estimates

The preparation of financial statements in conformity with the financial reporting framework applicable to the Company requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include provision for doubtful debts and estimated useful life of Tangible Assets. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any changes in estimates are recognised prospectively.

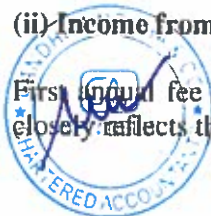
c. Revenue recognition

(i) Interest income

Interest income on dues from credit card holders is recognised on accrual basis except for non performing advances (NPA), in respect of which income is recognised upon realisation only. Income derecognised on NPAs is netted off from total income.

(ii) Income from membership fees and services

- First annual fee and subsequent renewal fee are recognised over a period of one year as this more closely reflects the period to which the fee relates to.



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

- Joining membership fee confers only joining rights and not any other right/privilege and therefore same is recognised on accrual basis.
- Interchange income is recognised on accrual basis.
- Interest Income is recognised over the tenure of loans.
- All other service income/ fees are recorded at the time of occurrence of the respective events.

(iii) Income From Investments

- Dividend income is recognised when the right to receive the dividend is established.
- Excess of sale price over purchase price of mutual fund units is recognised as income at the time of sale.

(iv) Unidentified receipts & Stale cheques

The total unidentified receipts which could not be credited or adjusted in the customers' accounts for lack of complete & correct information is considered as liability in balance sheet. The estimated unidentified receipts aged more than 6 months and up to 3 years towards the written off customers is written back as income on balance sheet date. Further, the unresolved unidentified receipts aged more than 3 years are also written back as income on balance sheet date.

The liability for stale cheques aged for more than three years is written back as income.

(v) Recovery from bad debts written off is recognised as income on the basis of actual realisations from customers.

d. Provision & write-off of non-performing assets

The accounts of the customers where minimum amount due is paid within 90 days from payment due date (except restructured advances) are classified as standard assets. Customers having overdue from 91 to 190 days from payment due date (i.e. 180 days from Statement Date) and customers whose outstanding have been restructured are considered as Non-performing assets (NPA's). Provision @ 25% is created on principle amount outstanding of NPA assets. In case of fraud cases 100% provision is made on amount outstanding. Customers having overdue of 191 days from payment due date or more days is written off.

e. Provision on Standard Assets

The company has created a Provision @ 0.40% on standard assets.

f. Expenditure

Expenses are recognised on accrual basis. Expenses incurred on behalf of other companies, for sharing personnel, etc. are allocated to them at cost and reduced from respective expense classifications. Similarly, expense allocation received from other companies is included within respective expense classifications.

Expenditure on issue of debentures is amortised over the tenure of the debentures on the straight-line method.



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

g. Income/Expenditure in Foreign Currency

The expenses/income in foreign currency is accounted at applicable rate of exchange as per generally accepted accounting principles

h. Tangible & Intangible Assets

Tangible & Intangible Assets are stated at cost less accumulated depreciation. All costs related to the acquisition and installation of Tangible Assets are capitalised. Tangible Assets under construction, advances paid towards acquisition of Tangible Assets and cost of assets not ready for use before year-end, are disclosed as capital work-in-progress.

Intangible assets comprise purchase of software, recognised at cost and amortised over a period of 2 years, which represents the period over which the Company expects to derive the economic benefits from the use of the asset.

i. Depreciation & amortization

Depreciation is provided on the straight-line method over the estimated useful life of each asset as determined by the management. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in beginning, depreciation is provided at a higher rate based on management's estimate of the useful life/ remaining useful life. Pursuant to this policy, depreciation is provided at the following rates which are in line with the corresponding rates prescribed in Schedule II of the Companies Act, 2013:

Description	Useful Life
Furniture and Fixtures	10
Office equipment	5
Computers & Computer Equipment	3
Owned Vehicles	8
Computer Server	6

Improvements to leasehold property installed at the office premises are depreciated over the period of the lease term or useful life, whichever is shorter.

Assets acquired under finance lease are depreciated over the lease term or useful life, whichever is shorter.

Tangible fixed assets are depreciated in the Statement of Profit or Loss over their estimated useful lives, from the date they are ready for use based on the expected pattern of consumption of economic benefits of assets. Accordingly, at present these are being depreciated on straight line basis.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

j. Investments

Investments are made for very short term hence classified as Current Investment. These investments are valued at lower of cost and market value. The diminution in current investments is charged to the Statement of Profit and Loss as at Balance Sheet date; appreciation, if any, is recognised at the time of



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

k. Impairment

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is recorded only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss has been recognised.

l. Leases

Finance Lease

Assets acquired under finance leases are recognised at the fair value of leased asset at inception of the lease. However, in cases where the fair value of the leased asset from the standpoint of the lessee exceeds the present value of minimum lease payments, the asset is recognised at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Operating Lease

Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease period.

m. Income-tax expense

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the Income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in Statement of Profit or Loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

The Company recognises Minimum alternate tax (MAT) credit available as an asset only to the extent that there is convincing evidence that the Company will be able to recover/set off MAT credit against income-tax liability during the specified period i.e. the period for which MAT credit set off is allowed. In the year in which Company recognise MAT credit as an asset in accordance with the "Guidance Note on Accounting for Credit available in respect of Minimum Alternate Tax under the Income-tax Act,

SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

1961, issued by the Council of the Institute of Chartered Accountants of India", the said asset is created by way of credit to the Statement of Profit and Loss as "MAT Credit Entitlement". The Company reviews the "MAT credit entitlement" asset at each reporting date and write down the asset to the extent the Company does not have convincing evidence that it will be able to recover/set off MAT credit against income tax liability during the specified period.

n. Transactions in foreign exchange

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. Exchange differences arising due to the differences in the exchange rate between the transaction date and the date of settlement of any monetary items are taken to the Profit and Loss Account.

Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet and resultant gain / loss, if any, is recorded as an income or any expense in the period in which they arise.

o. Employee benefits

The Company's obligation towards various employee benefits as per Accounting Standard 15 - Employee Benefits, prescribed under the Companies (Accounting Standards) Rules, 2006 has been recognised as follows:

Short-term employee benefits

All employee benefits payable/ available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the Profit and Loss Account in the period in which the employee renders the related service.

Defined contribution plans

Contribution to Provident fund is defined contribution plan. Contribution to provident fund is deposited with the Regional Provident Fund Commissioner and charged to the Profit and Loss Account.

Defined benefit plans

Gratuity

Gratuity is a defined benefit plan. The present value of obligations under such defined benefit plan is determined, based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The gratuity plan is funded through a Gratuity Trust administered by the Life Insurance Corporation of India. The contributions to the Trust are charged to the Profit and Loss Account.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Long Service Award

The Company's long service award is defined benefit plan. The present value of obligations under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Other long term benefits

Cost of long term benefit by way of accumulating compensated absences arising during the tenure of the service is calculated taking into account the pattern of avilment of leave. In respect of encashment of leave, the defined benefit is calculated taking into account all types of decrements and qualifying salary projected up to the assumed date of encashment. The present value of obligations under such long term benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method as at year end.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Treatment of actuarial gains and losses

Actuarial gains and losses are recognized immediately in the Profit and Loss Account. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

p. Provision for reward points redemption

The Company has a reward point program which allows card members to earn points based on spends through the cards that can be redeemed for discounts on retail merchandise and other gifts. The Company makes payments to its reward partners when card members redeem their points and creates provisions to cover the cost of future reward redemptions. The liability for reward points outstanding as at the year-end and expected to be redeemed in the future is estimated on the basis of an actuarial valuation.

q. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti-dilutive.

r. Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

s. Cash and Cash Equivalent

Cash and cash equivalents comprise cash balances on hand, cash balances in bank, and highly liquid investments with maturity period of three months or less from date of investment

2. Share Capital

	As at 31 March 2016	As at 31 March 2015
Authorised 1,000,000,000 (Previous year 1,000,000,000) equity shares of Rs.10 each	10,000,000,000	10,000,000,000
Issued, subscribed and fully paid-up 785,000,002 (Previous year 785,000,002) equity shares of Rs.10 each	7,850,000,020	7,850,000,020
Total	7,850,000,020	7,850,000,020

- a) **Shares held by holding/ultimate holding company and/or their subsidiaries/associates**
471,000,002 (Previous year 471,000,002) equity shares of Rs.10 each fully paid are held by State Bank of India, the holding company.

b) Details of shareholders holding more than 5% shares of the Company

	As at 31 March 2016	As at 31 March 2015
Equity shares of Rs. 10 each fully paid up 471,000,002 (Previous Year 471,000,002) held by State Bank of India	60%	60%
314,000,000 (Previous year 314,000,000) held by GE Capital Mauritius Overseas Investment	40%	40%
Total	100%	100%

c) Reconciliation between opening and closing share capital

	As at 31 March 2016	As at 31 March 2015
At the beginning and end of the year	7,850,000,020	7,850,000,020

- d) The company has only one class of equity share having par value of Rs.10 per share. Each holder of the equity share is entitled to one vote per share. In the liquidation of the company, the holders of the equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amount exists currently.



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

3. Reserve and Surplus

	As at 31 March 2016	As at 31 March 2015
General reserve		
At the beginning of the year	47,661,018	47,661,018
Add: Transferred from Profit and Loss Account	-	-
Less: Utilized During the year	-	-
At the end of the year	47,661,018	47,661,018
Capital Reserve [(Share based employee compensation cost)]		
At the beginning of the year	4,979,368	4,414,852
Add: Share based Employee compensation cost for the year	-	564,516
Less: Utilized During the year	79,400	-
At the end of the year	4,899,968	4,979,368
Statutory reserve under Section 45-IC of the Reserve Bank of India Act, 1934 (Refer to note 36)		
Opening balance	1,855,138,070	1,321,753,852
Add: Transferred from Profit and Loss Account @ 20%	567,801,390	533,384,218
At the end of the year	2,422,939,460	1,855,138,070
(Deficit)/ surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(101,507,307)	(1,764,067,270)
Add/ (less): Profit/ (loss) for the year	2,839,006,949	2,666,921,094
Less: Appropriations		
Transfer to Statutory Reserves during the year	(567,801,390)	(533,384,218)
Interim equity dividend (Current year Rs. 1 per share (previous year Nil)	(785,000,002)	(392,500,001)
Tax on Interim equity dividend	(159,807,530)	(78,476,912)
Balance at the end of the year	1,224,890,720	(101,507,307)
Total	3,700,391,166	1,806,271,149

Share-Based Compensation (amounts in absolute)

As prescribed by the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India and related interpretations, the Company applies the fair value based method of accounting to account for stock options and restricted stock units issued by General Electric Company, USA, to the employees of the Company. The fair market value of such instruments is recognised as an expense over the period in which the related services are received. Accordingly, fair value of the stock options and restricted stock units is amortised on a straight-line basis over the vesting period of the stock options and stock appreciation rights.

GE Stock options

Certain employees of the Company are entitled to shares of General Electric Company, USA, under an equity-settled share-based compensation plan. Details of these plans are given below.



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
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Significant accounting policies and notes to accounts

The General Electric Company, USA, adopted the 2007 Long-term Incentive Plan ("the option plan") under which an initial amount of common stock was reserved for issuance to employees. Options granted under the Option Plan could be stock options, restricted stock units (RSU) or performance stock units (PSU). Incentive stock options can be granted only to employees.

The employees' compensation expense for Stock options and RSU's during the year ended 31 March 2016 amounts to Rs. 617,360 (Previous year Rs. 873,079).

Stock options expire 10 years from the date they are granted and vest over service periods that range from one to five years. RSUs give the recipients the right to receive shares of the ultimate holding company upon the lapse of their related restrictions. Restrictions on RSUs lapse in various increments and at various dates, beginning after three years from date of grant through grantee retirement. Although the plan permits the ultimate holding company to issue RSUs settle able in cash, it has only issued RSUs settle able in shares of General Electric Company, USA.

Following stock options were granted during the year ended 31 March 2016.

Type of arrangement	Date of grant	Shares granted	Fair market value on the grant date (In USD)	Vesting conditions	Weighted average remaining contractual life
Stock Options	NA	-	-	NA	NA

Grant date	NA
Weighted average share price at grant date	-
Expected volatility for stock options	NA
Dividend yield	NA
Risk-free interest rate	NA
Exercise price of options (\$)	-



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SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
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Notes forming part of the financial statements

Significant accounting policies and notes to accounts

A summary of activity under the Option plan for the year ended 31 March 2016 is given below:

	Stock options (numbers)	Weighted-average exercise price (USD)	Weighted-average remaining contractual life (years)	RSU's (numbers)	Weighted-average exercise price (USD)	Weighted-average remaining contractual life (years)
Outstanding, beginning of the year	23,990	20.12	6.31	-	-	-
Granted during the year	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	1,200	18.58	-	-	-	-
Deletion: Transferred to other GE companies	750	-	-	-	-	-
Addition: Transferred from other GE companies	-	-	-	-	-	-
Lapsed during the year	-	-	-	-	-	-
Outstanding at the end of the year	22,040	20.17	5.31	-	-	-
Exercisable at the end of the year	17,290	19.40	4.78	-	-	-

* As the Guidance Note is applicable for options granted post 1 April 2005, information stated above is only with effect from such date.

* Risk free interest rates reflect the yield on zero-coupon U.S. Treasury securities. Expected dividend yields presume a set dividend rate. Expected volatilities are based on implied volatilities from traded options and historical volatility of our stock.

The fair value of each restricted stock unit is the market price of the stock on the date of Grant.

Following stock options were granted during the year ended 31 March 2015.

Type of arrangement	Date of grant	Shares granted	Fair market value on the grant date (In USD)	Vesting conditions	Weighted average remaining contractual life
Stock Options	5-Sep-14	2,500	5.26	Over a period of 5 years	8.45

The estimated fair value of each stock option granted in the Option plan on 05 September 2014 is USD 5.26. The estimation of fair value on the date of the grant was made using the Black-Scholes option pricing model with the following assumptions:

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Significant accounting policies and notes to accounts

Grant date	5-Sep-14
Weighted average share price at grant date	26.10
Expected volatility for stock options*	26.00%
Dividend yield *	3.10%
Risk-free interest rate *	2.30%
Exercise price of options (\$)	26.10

A summary of activity under the Option plan for the year ended 31 March 2015 is given below:

	Stock options (numbers)	Weighted- average exercise price (USD)	Weighted- average remaining contractual life (years)	RSU's (numbers)	Weighted- average exercise price (USD)	Weighted- average remaining contractual life (years)
Outstanding, beginning of the year	25,590	19.22	6.90	-	-	-
Granted during the year	2,500	26.10	8.45	-	-	-
Forfeited during the year	450	18.58	-	-	-	-
Exercised during the year	-	-	-	-	-	-
Deletion:						
Transferred to other GE companies	-	-	-	-	-	-
Addition:						
Transferred from other GE companies	3,650	-	-	-	-	-
Lapsed during the year	-	-	-	-	-	-
Outstanding at the end of the year	23,990	20.12	6.31	-	-	-
Exercisable at the end of the year	12,990	19.16	5.54	-	-	-

* As the Guidance Note is applicable for options granted post 1 April 2005, information stated above is only with effect from such date.

* Risk free interest rates reflect the yield on zero-coupon U.S. Treasury securities. Expected dividend yields presume a set dividend rate. Expected volatilities are based on implied volatilities from traded options and historical volatility of our stock.

The fair value of each restricted stock unit is the market price of the stock on the date of Grant.



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SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

4. Long term borrowings

	As at 31 March 2016	As at 31 March 2015
Debentures		
9.50% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in September, 2019)	500,000,000	500,000,000
9.85% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in March, 2019)	500,000,000	500,000,000
9.95% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in January, 2018)	400,000,000	400,000,000
9.00% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in November, 2021)	1,000,000,000	1,000,000,000
9.65% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in April, 2022)	1,000,000,000	-
	3,400,000,000	2,400,000,000
Finance lease obligation (secured by way of hypothecation of vehicles taken on finance lease) (Refer to note 29)	11,352,183	7,376,246
Total	3,411,352,183	2,407,376,246

5. Long-term provisions

	As at 31 March 2016	As at 31 March 2015
Provision for employee benefits		
Compensated absences (Refer to Note 38)	15,493,613	12,138,303
Long Service Awards (Refer to Note 39)	3,381,547	1,519,110
Employee Stock option Outstanding	2,052,884	1,673,725
	20,928,044	15,331,138
Provision for reward points redemption (Refer to Note 24)	406,200,617	282,210,300
Provision on Standard assets [Refer to Note 1(e)]	21,903,561	17,333,333
Provision for other taxes	4,235,604	4,235,604
	432,339,782	303,779,237
Total	453,267,826	319,110,375



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Notes forming part of the financial statements

Significant accounting policies and notes to accounts

6. Short-term borrowings

	As at 31 March 2016	As at 31 March 2015
Secured working capital loans		
From banks (Related Parties) ^{1,2}	28,333,935,594	17,483,295,954
Secured Commercial papers-From Bank(Related Parties) ^{1,2}	23,102,789,516	27,097,285,688
[Net of unamortised discount of Rs. 397,210,484 (Previous Year-402,714,312)]		
Unsecured Commercial papers from other ²	4,433,197,561	-
[Net of unamortised discount of Rs. 66,802,439 (Previous Year- Nil)]		
Total	55,869,922,671	44,580,581,642

¹Secured by:

- Primary Security - First Charge over the entire Current Assets of the Company (present & future),
- Collateral Security- First Charge on entire Fixed Assets of the Company (present and future), excluding vehicles financed by other institutions,

² Interest rate on working capital loan is @ 9.30% p.a. and for commercial paper ranges from 8.39% to 9.16%. p.a.

7. Trade Payables

	As at 31 March 2016	As at 31 March 2015
Sundry Creditors*		
a) total outstanding dues of micro enterprises and small enterprises	3,339,268	7,906,383
b) total outstanding dues of creditors other than micro enterprises and small enterprises	372,948,943	554,940,513
	376,288,211	562,846,896
Sundry Creditors - Payable to related party (Ref to Note 28)	482,659,815	342,247,181
Total	858,948,026	905,094,077

*Refer Note No. 32 for disclosure of Micro, Small & Medium Enterprise as per MSMED Act 2006.



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SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

8. Other current liabilities

	As at 31 March 2016	As at 31 March 2015
Interest accrued but not due on debentures	73,099,394	63,207,397
Finance lease obligation (secured by way of hypothecation of vehicles taken on finance lease) (Refer to Note 29)	6,076,199	5,932,619
Unamortised membership fees and subvention income	841,241,680	591,793,056
Other liabilities*	1,854,332,282	1,587,312,574
Statutory liabilities	95,639,655	88,943,292
Total	2,870,389,210	2,337,188,938

* Includes Rs 1,199,947,224/- (Previous Year Rs 865,375,200/-) payable to Network Partners.

9. Short-term provisions

	As at 31 March 2016	As at 31 March 2015
Provision for employee benefits		
Gratuity (Refer to Note 37)	3,457,738	1,732,628
Compensated absences (Refer to Note 38)	7,693,915	6,079,760
Long Service Awards (Refer to Note 39)	1,324,168	428,365
Employee Stock option Outstanding	408,869	873,079
Bonus & Incentive Payable	67,963,138	49,965,836
	80,847,828	59,079,668
Provision for reward points redemption (Refer to Note 24)	1,126,088,290	650,771,612
Provision on Standard assets [Refer to Note 1(e)]	268,067,169	207,351,970
Provision for doubtful debts	369,319,764	270,844,515
Provision for expenses	934,799,797	604,880,189
Provision for expenses - Related Party	65,295,857	103,856,329
Interim equity dividend	785,000,002	392,500,001
Provision for tax on interim equity dividend	159,807,530	78,476,912
	3,708,378,409	2,308,681,528
Total	3,789,226,237	2,367,761,196



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
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Notes forming part of the financial statements

Significant accounting policies and notes to accounts

10. Tangible assets

Description	Cost			Depreciation				Net Block	
	As at 1 April 2015	Additions	Deletions/ adjustments	As at 31 March 2016	For the year	Deletions/ adjustments	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Furniture and fixtures	2,357,146	235,266	685,293	1,907,119	219,653	338,983	316,311	1,590,808	1,921,505
Vehicles on Finance Lease	40,166,027	13,938,379	3,165,012	50,939,394	7,810,448	2,159,659	33,281,162	17,658,232	12,535,654
Office equipment	1,868,818	80,139	472,834	1,476,123	224,797	325,198	1,281,641	194,482	486,776
Owned Vehicles	1,354,581	-	-	1,354,581	169,323	-	296,315	1,058,266	1,227,589
Computer	16,092,933	153,937	15,963,845	283,025	9,754	15,963,845	137,530	145,495	1,311
Total	61,839,505	14,407,721	20,286,984	55,960,242	8,433,975	18,787,685	35,312,959	20,647,283	16,172,835
Previous year	54,157,080	11,772,796	4,090,371	61,839,505	7,750,905	2,234,138	45,666,670	16,172,835	14,007,177

11. Intangible assets

Description	Cost			Amortisation			Net Block	
	As at 1 April 2015	Additions	Deletions/ adjustments	As at 31 March 2016	For the year	Deletions/ adjustments	As at 31 March 2016	As at 31 March 2015
Computer software	8,060,808	-	8,060,808	-	-	8,060,808	-	-
Total	8,060,808	-	8,060,808	-	-	8,060,808	-	-
Previous year	8,060,808	-	-	8,060,808	-	-	8,060,808	-



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
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Notes forming part of the financial statements

Significant accounting policies and notes to accounts

12. Deferred taxation

The break-up of the tax impact of deferred tax assets/liabilities and reconciliation of current year deferred tax charge as at 31 March 2016 is as follows:

Particulars	As at 31 March 2016	As at 31 March 2015
Deferred tax assets		
Provision for doubtful debts	232,247,963	175,408,887
Staff benefits & Stat. Dues	35,156,592	25,227,913
Provision for Expenses	346,113,104	240,168,839
Reward points	-	348,177,110
Membership Fees & Subvention	291,136,921	204,807,741
Depreciation net of Lease Adjustment	545,392	929,546
Total deferred tax assets	905,199,972	994,720,036
Deferred tax liabilities:		
Card acquisition & debenture issue expenses	3,167,003	1,854,919
Total deferred tax liabilities	3,167,003	1,854,919
Net deferred tax asset	902,032,969	992,865,117

13. Long-term loans and advances

	As at 31 March 2016	As at 31 March 2015
Security deposits		
Unsecured, considered good	13,521,925	12,730,593
Unsecured, considered doubtful	100,000	-
	13,621,925	12,730,593
Less: Provision for doubtful security deposits	(100,000)	-
	13,521,925	12,730,593
Loans and advances to customers		
Secured Considered good (Secured by Lien on Fixed deposits & financial guarantee)	118,433,441	157,003,285
Unsecured, considered good	5,357,456,692	4,176,330,085
	5,475,890,133	4,333,333,370
Other loans and advances		
Advance tax including tax deducted at source [Net of provision	284,439,323	456,954,948
MAT credit receivable	148,226,129	564,640,134
	432,665,452	1,021,595,082
Total	5,922,077,510	5,367,659,045



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
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Significant accounting policies and notes to accounts

14. Current Investment

During the year ending on 31st March, 2016, the Company has purchased and sold the units of Mutual Funds, the details of which are as follows:

Fund Name	Units	Purchase Amount	Sale Amount
Axis Mutual Fund Investment	6,102	10,000,000	10,008,077
HDFC Liquid Fund - Direct Plan - Growth Option	37,609	110,000,000	110,110,620
ICICI Prudential Liquid - Direct Plan - Growth	7,151,052	1,580,000,000	1,580,360,751
SBI Magnum Insta Cash Fund - Direct Plan - Growth	31,177	100,000,000	100,123,779
SBI Premier Liquid Fund - Direct Plan - Growth	3,384,955	7,720,000,000	7,724,523,034
SBI Ultra Short Term Debt Fund - Direct Plan - Growth	80,443	150,000,000	150,115,861
Total	10,691,338	9,670,000,000	9,675,242,122

The details of units purchased and sold during the previous year are as follows:

Fund Name	Units	Purchase Amount	Sale Amount
SBI Magnum Insta Cash Fund Direct Plan-Growth	97,488	300,000,000	300,486,844
SBI Premier Liquid Fund-Direct Plan-Growth	4,533,282	9,550,000,000	9,555,318,223
Total	4,630,770	9,850,000,000	9,855,805,068

15. Cash and cash equivalents

	As at 31 March 2016	As at 31 March 2015
Balance with banks in :		
Current accounts* (includes funds in transit lying in nodal account of intermediary/payment gateway aggregator Rs. 1,760,325,135 (Previous year 1,885,687,172)	2,744,411,711	2,914,427,580
Fixed Deposits (under Lien for guarantees issued to Tax Authorities)	200,000	200,000
Total	2,744,611,711	2,914,627,580

* It includes balance with related parties (Refer note no. 28).



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

16. Short-term loans and advances

	As at 31 March 2016	As at 31 March 2015
Loans & advances to Customers		
Secured Considered good (Secured by Lien on Fixed deposits & financial gurantee)	1,567,084,320	1,414,143,365
Unsecured, considered good	65,449,707,873	50,423,849,185
Unsecured, considered doubtful	1,464,543,104	1,068,975,034
	68,481,335,297	52,906,967,584
Other Advances		
To Vendors (Unsecured, considered good)	10,962,467	11,041,138
To Vendors (Unsecured, considered doubtful)	1,126,016	243,695
Prepaid expenses	45,179,955	21,333,425
	57,268,438	32,618,258
Less: Provision for doubtful advances	(1,126,016)	(243,695)
Total	68,537,477,719	52,939,342,147

17. Other current assets

	As at 31 March 2016	As at 31 March 2015
Unsecured considered good, unless otherwise stated		
Other receivable	620,267,766	297,275,612
Service tax recoverable*	56,382,381	45,441,305
Other receivable, considered doubtful	10,565,215	11,071,397
	687,215,362	353,788,314
Less: Provision for doubtful advances	(10,565,215)	(11,071,397)
Total	676,650,147	342,716,917

*Service tax recoverable includes: - Amount paid under protest – Recoverable Rs 8,528,535.
- Pre-deposit for Appeal Rs 1,180,650.

18. Revenue from Operations

	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
Income from membership fees and services	9,339,572,989	6,950,015,372
Interest income	13,803,497,598	10,823,408,045
Service Charges	221,870,826	149,985,699
Business development incentive income	503,275,087	273,985,901
Total	23,868,216,500	18,197,395,017

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Notes forming part of the financial statements

Significant accounting policies and notes to accounts

19. Other income

	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
Profit on sale of Investment	5,242,121	5,805,068
Bad Debts Recovered	957,383,808	824,270,621
Profit on sale of fixed assets	189,846	221,851
Interest Income -Income tax & Service tax refund and FD Interest	46,964,960	17,060,197
Liabilities / Provision written back	43,820,881	32,805
Total	1,053,601,616	847,390,542

20. Employee benefit expense

	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
Salaries and other allowances	709,997,616	549,930,606
Employee stock option expense (Refer to Note 3)	617,360	873,079
Staff welfare expenses	37,170,642	32,450,261
Contribution to provident fund	30,124,767	25,291,060
Contribution to other funds	13,782,876	12,679,548
Total	791,693,261	621,224,554

*Employee benefit expenses includes year end provision for FY 2015-2016 amounting to Rs. 101,775,872 and reversal of year end provision for FY 2014-2015 amounting to Rs.98,769,080 at an aggregate level.

21. Finance charges

	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
Interest on Debentures	236,576,927	186,846,329
Interest expense		
- on Working Capital loans(secured)	3,785,114,148	3,452,963,286
- on others (unsecured)	281,533,710	88,443,132
Total	4,303,224,785	3,728,252,747



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Notes forming part of the financial statements

Significant accounting policies and notes to accounts

22. Operating and other expenses

	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
Consumption of plastic cards	171,877,262	63,429,707
Rent and hire charges	60,272,435	43,988,425
Travelling and conveyance	75,798,579	69,612,517
Cash advance service charges	8,097,150	5,879,254
Telephone, fax and postage	222,374,591	170,561,913
VISA / Master Card transaction charges	963,575,635	718,976,030
Advertisement	248,747,389	172,697,540
Sales Promotion	3,622,628,256	2,779,846,267
Insurance expense	15,289,425	11,444,385
Professional & Consulting fees	344,447,650	317,773,998
Processing Charges	3,910,782,737	3,089,375,801
Rates and taxes	22,721,107	20,813,564
Collection charges	861,075,219	699,482,902
Repairs and maintenance-others	39,630,683	25,719,040
Auditor's remuneration (Refer to Note 23)	3,455,000	3,305,000
Power and fuel	23,891,123	28,157,493
Printing, stationery and office supplies	135,910,317	140,006,411
Royalty Expenses	56,780,139	53,338,422
Reward points redemption	1,580,537,283	925,356,400
Surcharge Waiver to Customer	272,011,342	231,277,861
Bank & Borrowing related charges	54,831,331	49,435,559
Loss/(Gain) on exchange fluctuation	3,972,403	(10,008,659)
Other Advances written off / provision for doubtful advances	3,406,643	5,305,797
Other Expenses	9,405,724	7,098,116
Total	12,711,519,423	9,622,873,743

* Operating & other expenses includes year end provision for FY 2015-16 amounting to Rs. 2,532,384,561 and reversal of year end provision for FY 2014-15 amounting to Rs. 1,619,583,784.



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Notes forming part of the financial statements

Significant accounting policies and notes to accounts

23. Auditors' remuneration (excluding service tax)

Professional fee includes auditors' remuneration as follows:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Audit fees	2,200,000	2,050,000
Quarterly Limited Review fees	450,000	450,000
Tax audit fees	250,000	250,000
Fee for other services	350,000	350,000
Reimbursement of expenses	205,000	205,000
Total	3,455,000	3,305,000

24. Movement of provision for reward points redemption and legal cases in accordance with Accounting Standard 29; Provisions, contingent liabilities and contingent assets is as under:

Reward Points Movement:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
a. Provision at the beginning of the year*	932,981,912	658,576,719
b. Additions made during the year	1,336,373,391	745,885,875
c. Interest Cost for the period	45,597,295	32,702,010
d. Amount redeemed/Paid during the year	(981,230,089)	(574,124,444)
e. Amounts lapsed during the year	(441,401,574)	(370,722,220)
f. Actuarial Gain / (Loss)	559,319,293	469,286,518
g. Movement on account of unpaid vendor liability	80,648,679	(28,622,546)
h. Provision at the end of the year* (a+b+c+d+e+f+g)	1,532,288,907	932,981,912

* Provision for reward points as at 31 March 2016 of Rs. 1,532,288,907 (previous year Rs. 932,981,912) includes provision as per actuarial valuation of Rs. 1,406,039,075 (previous year Rs. 887,380,760) and provision for unpaid claims of Rs. 126,249,831 (previous year Rs. 45,601,152)

Legal Claims:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
a. Provision at the beginning of the year	1,591,695	2,949,694
b. Additions / (Reduction) made during the year	2,091,505	(519,432)
c. Amount Paid during the year	1,027,163	838,567
d. Provision at the end of the year (a+b-c)	2,656,037	1,591,695



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

25. Segment Reporting

In the opinion of the management, there is only one reportable segment ("Credit Cards") as envisaged by AS 17 "Segment reporting", specified under section 133 of the Companies act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Further, the economic environment in which the Company operates is significantly similar and not subject to materially different risks and rewards.

Accordingly, as the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary disclosures prescribed by Accounting Standard - 17 are not required to be given.

26. Income and expenditure in foreign currency

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Expenditure in foreign currency (on accrual basis)		
Network and other service charges	704,983,769	462,539,487
Professional fees	-	108,212
Others	65,270,975	51,285,413
Income in foreign currency (on accrual basis)		
Interchange income	529,347,672	300,420,131

27. Dividend to be remitted in foreign currency

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Number of equity shares held on which Interim dividend is to be remitted	314,000,000	314,000,000
Period to which Interim dividend relates to	FY 2015-16	FY 2014-15
Number of non-resident shareholders	1	1
Amount to be remitted	314,000,000	157,000,000

28. Related party disclosures

List of parties who have controlling interest or with whom transactions have taken place during the year.

a. List of related parties

i. Holding Entity

- State Bank of India

ii

Joint venture



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

- GE Capital Corporation, USA

iii. Entity holding substantial interest in voting power of the Company

- GE Capital Mauritius Overseas Investments

iv. Fellow subsidiaries and entities

- State Bank of Bikaner & Jaipur
- State Bank of Hyderabad
- State Bank of Mysore
- State Bank of Patiala
- State Bank of Travancore
- SBI Capital Markets Ltd
- SBICAP Securities Ltd
- SBICAP Trustee Company Ltd
- SBICAPS Ventures Ltd
- SBI DFHI Ltd
- SBI Mutual Fund Trustee Company Pvt Ltd
- SBI Global Factors Ltd
- SBI Pension Funds Pvt Ltd
- SBI –SG Global Securities Services Pvt. Ltd
- SBI General Insurance Company Ltd
- SBI Payment Services Pvt. Ltd.
- SBI Funds Management Pvt Ltd
- SBI Funds Management (International) Private Ltd
- SBI Life Insurance Company Ltd
- State Bank of India (Canada)
- State Bank of India (California)
- SBI (Mauritius) Ltd
- PT Bank SBI Indonesia
- State Bank of India (Botswana) Ltd
- SBICAP (UK) Ltd
- Commercial Indo Bank Llc , Moscow
- Nepal SBI Bank Ltd.
- SBICAP (Singapore) Ltd
- C - Edge Technologies Ltd



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SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

- SBI Macquarie Infrastructure Management Pvt. Ltd.
- SBI Macquarie Infrastructure Trustee Pvt. Ltd.
- Macquarie SBI Infrastructure Management Pte. Ltd.
- Macquarie SBI Infrastructure Trustee Ltd.
- Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.
- Oman India Joint Investment Fund – Management Company Pvt. Ltd.
- SBI Servicos Limitada, Brazil
- SBI Foundation (Not for profit Company)

v. *Entity under common significant influence*

- GE Capital Business Process Management Services Private Limited

vi. *Key management personnel*

- Mr. Vijay Jasuja, Chief Executive Officer
- Mr. Digmanu Gupta, Chief Financial Officer
- Ms. Payal Mittal, Company Secretary



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

a. Transactions/balances outstanding with related parties Year ended 31 March 2016

Particulars	Holding Entity	Joint Venturer	Fellow Subsidiaries and entities	Entity under common significant influence	Key Management Personnel
	2015-16	2015-16	2015-16	2015-16	2015-16
a. Transactions during the year					
Advertisement and sales promotion (incentives)	249,798,363	-	11,677,629	-	-
Cost allocations received**#	40,695,242	(1,237,778)	341,000	26,112,948	-
Processing charges paid	-	-	-	3,910,782,737	-
Cost allocations made*	-	-	-	5,383,511	-
Bank charges, fees & Commission Paid	30,097,823	-	483,691	-	-
Commission Received	-	-	1,928,574	-	-
Personnel Cost (Managerial remuneration)	-	-	-	-	13,261,647
Interest Income on fixed deposit	-	-	-	-	-
Finance charges	3,785,114,148	-	-	-	-
Borrowings made	298,225,330,680	-	-	-	-
Borrowings repaid	291,108,803,426	-	-	-	-
Income on investments	-	-	4,762,674	-	-
Investments made	-	-	7,970,000,000	-	-
Investments repaid	-	-	7,970,000,000	-	-
Royalty expenses	56,780,139	-	-	-	-
Loans & Advances given and other adjustments	44,045,544	-	19,710,906	37,865,068	-
Loans & Advances Repaid	40,605,924	-	20,811,655	36,980,222	-



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

Particulars	Holding Company	Joint Venturer	Fellow Subsidiaries	Entity under significant influence	Key Management Personnel
b. Balances Outstanding at Year End					
Trade Payables & Other liabilities	122,951,713	3,638,412	1,534,407	422,292,893	-
Borrowings	51,436,725,110	-	-	-	-
Cash & Bank Balances/(Book overdraft)**	1,522,158,577	-	19,302,320	-	-
Loans & Advances***	4,094,891	-	1,223,694	3,299,206	-
Other Recoverable	854,900	-	10,270	-	-

* The amounts are included/ adjusted in the respective expense line items of operating and other expenses.

** These amounts represent year-end balances outstanding as at 31 March 2016.

*** These amounts represent year-end balances outstanding as at 31 March 2016 on credit cards issued.

Negative amount reflects excess provision reversed.



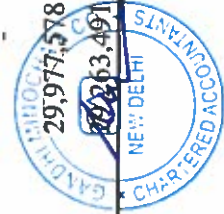
SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

b. Transactions/balances outstanding with related parties Year ended 31 March 2015

Particulars	Holding Entity		Joint Venturer		Fellow Subsidiaries and entities (Note 1)		Entity under common significant		Key Management Personnel	
	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15
a. Transactions during the year										
Advertisement and sales promotion (incentives)	224,994,060	-	-	10,544,076	-	-	-	-	-	-
Cost allocations received*	17,997,900	3,250,742	-	-	62,712,238	-	-	-	-	-
Processing charges paid	-	-	-	-	3,089,375,801	-	-	-	-	-
Cost allocations made*	-	-	-	-	3,432,951	-	-	-	-	-
Bank charges, fees & Commission Paid	122,781,781	-	-	2,010,262	-	-	-	-	-	-
Commission Received	-	-	-	2,251,216	-	-	-	-	-	-
Personnel Cost (Managerial remuneration)	-	-	-	-	-	-	-	-	9,102,848	-
Finance charges	3,452,963,286	-	-	-	-	-	-	-	-	-
Borrowings made	223,089,793,489	-	-	-	-	-	-	-	-	-
Borrowings repaid	212,724,210,781	-	-	-	-	-	-	-	-	-
Income on investments	-	-	-	5,805,068	-	-	-	-	-	-
Investments made	-	-	-	9,850,000,000	-	-	-	-	-	-
Investments repaid	-	-	-	9,850,000,000	-	-	-	-	-	-
Interest Income on fixed deposit	430,389	-	-	-	-	-	-	-	-	-
Fixed Deposit made	127,200,000	-	-	-	-	-	-	-	-	-
Fixed deposit matured	127,200,000	-	-	-	-	-	-	-	-	-
Royalty expenses	53,338,422	-	-	-	-	-	-	-	-	-
Loans & Advances given and other adjustments	19,575,145	-	-	16,966,479	-	-	-	-	-	-
Loans & Advances Repaid	19,079,514	-	-	16,254,077	-	-	-	-	-	-



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements
Significant accounting policies and notes to accounts

Particulars	Holding Company	Joint Venturer	Fellow Subsidiaries	Entity under significant influence	Key Management Personnel
b. Balances Outstanding at Year End					
Trade Payables & Other liabilities	138,278,572	3,940,622	107,566	306,323,553	-
Borrowings	44,580,581,642	-	-	-	-
Cash & Bank Balances/(Book overdraft)**	1,580,327,342	-	15,784,428	-	-
Loans & Advances***	1,510,171	-	2,641,449	2,414,360	-
Other Recoverable	-	-	180,000	3,432,951	-



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* The amounts are included/ adjusted in the respective expense line items of operating and other expenses.

** These amounts represent year-end balances outstanding as at 31 March 2015.

*** These amounts represent year-end balances outstanding as at 31 March 2015 on credit cards issued.

SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

Annexure I to Note 28

Transactions/Balances Outstanding with Fellow Subsidiaries (Parties constituting 10% or more in each category)

a. Transactions during the year		
Particulars	Year Ended 31st March 2016	Year Ended 31st March 2015
Investments made		
SBI Funds Management Pvt Limited	7,970,000,000	9,850,000,000
Investments repaid		
SBI Funds Management Pvt Limited	7,970,000,000	9,850,000,000
Loans & Advances given		
Others	19,710,906	16,966,479
Loans & Advances Repaid		
Others	20,811,655	16,254,077

b. Balances Outstanding at Year End		
Particulars	Year Ended 31st March 2016	Year Ended 31st March 2015
Trade Payables & Other liabilities		
Others	1,534,407	5,519,706
Total	1,534,407	5,519,706
Cash and bank Balances		
Others	19,302,320	15,784,428
Total	19,302,320	15,784,428
Loans and Advances		
Others	1,223,694	2,641,449
Other Recoverable		
Others	10,270	180,000



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

29. Finance lease obligations

The Company has acquired vehicles on finance lease during current and earlier years. The present value of total minimum lease payment liability as at 31st March 2016 is Rs. 17,428,381. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest of 12.6% on the outstanding balance.

The maturity profile of the finance lease obligation as at 31st March 2016 is as follows:

Particulars	Total minimum lease payments outstanding at 31 March 2016	Interest	Present value of minimum lease payments as at 31 March 2016
Due within one year	8,143,233	2,067,034	6,076,199
Due later than one year and not later than five years	13,023,472	1,671,290	11,352,182
	21,166,705	3,738,324	17,428,381

The present value of total minimum lease payment liability as at 31 March 2015 was Rs. 13,308,864. The maturity profile of the finance lease obligation as at 31 March 2015 was as follows:

Particulars	Total minimum lease payments outstanding at 31 March 2015	Interest	Present value of minimum lease payments as at 31 March 2015
Due within one year	7,460,648	1,528,029	5,932,619
Due later than one year and not later than five years	8,582,637	1,206,392	7,376,245
	16,043,285	2,734,421	13,308,864

Operating Lease obligations:

The Company has taken office premises on lease. Operating lease rentals recognised during the year were Rs 50,299,161 (previous year Rs.18,731,159). The total of the future minimum lease payments under non-cancellable operating lease are as follows:

Particulars	Year Ended 31st Mar-16	Year Ended 31st Mar-15
Not later than one year	49,293,301	44,127,068
Later than one year but not later than five years	45,612,153	76,418,131
Later than five years	6,989,751	-
Total	101,895,205	120,545,199

SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

30. Earnings/ (loss) per equity share

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
a. Net Profit After Tax	2,839,006,949	2,666,921,091
b. Weighted average of number of equity shares used in computing basic and diluted earnings per share	785,000,002	785,000,002
c. Basic and diluted earning per share (a/b)	3.62	3.40

31. Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961 ('Act'). Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the domestic and international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest before the due date for filing of return under the Act. The management is of the opinion that its domestic and international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

32. The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that Micro and Small Enterprises should mention in their correspondence with their customers the Entrepreneurs Memorandum number as allocated after filing of the Memorandum. Based on information received and available with the Company, there are no amounts required to be disclosed in relation to Micro and Small Enterprises as at 31 March 2016 and 31 March 2015.

33. Contingent liabilities

- 1) Based on Demand notices received from the income-tax department & service tax authorities, the Company is contingently liable for Rs. 232,669,463 (Previous year Rs. 490,709,475), against which it had deposited an amount of Rs. 1,180,650 (Previous year Rs. 80,46,885). The Company has challenged these demands of the tax authorities. While the ultimate outcome of the above mentioned appeals cannot be ascertained at this time, based on current knowledge of the applicable law, management believes that these laws suits should not have a material adverse affect on the Company's financial statements or business operations. Accordingly, no provision has been made in the books of account.
- 2) Estimated claims against the Company which arise in the ordinary course of business not acknowledged as debt. Such claims as at 31 March 2016 are Rs. 42,002,175 (Previous year Rs. 48,157,114).

34. Certain show cause notices relating to indirect taxes matters amounting to Rs. 306,167,655 (previous year Rs. 305,799,053) and interest as applicable, have neither been acknowledged as claims nor acknowledged as contingent liabilities. Based on internal assessment and discussion with tax advisors, the Company is of the view that the possibility of any of these tax demands materializing is remote.

35. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounted to Rs. Nil (previous year Rs. Nil).

SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

36. During the year ended 31st March 2016 the company appropriated Rs 567,801,390 (previous year Rs. 533,384,218) towards the Statutory Reserve (Reserve Fund) in accordance with Section 45-IC of the Reserve Bank of India Act, 1934.
37. Disclosure pursuant to Accounting standard 15 (Revised) – Employee benefits

(A) The contribution made to various statutory funds is recognized as expense and included in "Employee benefit expenses" in the statement of profit & loss. The details are as follows:

Particulars	Year Ended 31 March 2016	Year Ended 31 March 2015
Provident Fund	30,124,767	25,291,060
Employee State Insurance Corporation (ESIC)	652,466	900,119
Labour Welfare Fund	61,348	46,994
Total	30,838,581	26,238,173

(B) The following table sets out the status of the gratuity plan as required under AS-15 (revised), "Employee Benefits" as at 31 March 2016:

Reconciliation of benefit obligations & plan assets for the period

	Year ended 31 March 2016	Year ended 31 March 2015
Opening defined benefit obligation	48,309,748	36,537,219
Current service cost	7,570,426	5,127,775
Interest cost	3,960,189	3,002,941
Actuarial losses / (gain)	5,899,899	6,820,328
Liabilities Assumed on Acquisition / (Settled on Divestiture)	-	-
Benefits paid	(5,669,423)	(3,178,515)
Closing defined benefit obligation	60,070,839	48,309,748
Change in the fair value of plan assets		
Opening fair value of plan assets	46,577,120	37,175,220
Expected return on plan assets	4,237,137	2,893,018
Actuarial gains / (losses)	333,754	(399,161)
Contributions by employer	11,134,513	10,086,558
Benefits paid	(5,669,423)	(3,178,515)
Closing fair value of plan assets	56,613,101	46,577,120

Reconciliation of present value of the obligations and the fair value of the plan asset

	Year ended 31 March 2016	Year ended 31 March 2015
Present value of funded obligations	60,070,839	48,309,748
Fair value of plan assets	(56,613,101)	(46,577,120)
Net asset/liability	3,457,738	1,732,628

SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

Gratuity Cost for the period

	Year ended 31 March 2016	Year ended 31 March 2015
Current service cost	7,570,426	5,127,775
Interest cost	3,960,189	3,002,941
Expected return on plan assets	(4,237,137)	(2,893,018)
Net actuarial losses / (gains) recognized in year	5,566,145	7,219,489
Net gratuity cost	12,859,623	12,457,187
Actual return on plan assets	4,570,891	2,493,857

Experience adjustments

	Year ended 31 March 2015	Year ended 31 March 2014
Defined benefit obligation	48,309,748	36,537,219
Plan assets	46,577,120	37,175,220
Surplus / (Deficit)	(1,732,628)	638,001
Experience adjustments on plan liabilities	1,935,394	(1,440,578)
Experience adjustments on plan assets	(399,161)	1,019,554

100% of the plan assets are with the Insurer managed funds.

	Year Ended 31 March 2016	Year Ended 31 March 2015
Discount rate	7.60% per annum	7.90% per annum
Estimated rate of return on plan assets	9.40% per annum	9.40% per annum
Salary Escalation Rate	10.50% per annum	10.00% per annum

Investment details of the plan assets

100% of the plan assets are with the Insurer managed funds.

The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Demographic assumptions

- a) **Retirement Age:** The employees of the Company are assumed to retire at the age of 60 years.



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SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

- b) **Mortality:** Published rates under the Indian Assured Lives Mortality (2006-08) Ult Table. Rates of Indian Assured Lives Mortality table at specimen ages are as shown below:

Age (Years)	Rates
18	0.000800
23	0.000961
28	0.001017
33	0.001164
38	0.001549
43	0.002350
48	0.003983
53	0.006643
58	0.009944

- c) **Leaving Service:** A withdrawal rate of 24% p.a. has been assumed at all ages in this valuation.
- d) **Disability:** Leaving service due to disability is included in the provision made for all causes of leaving service (paragraph (c) above).

38. Compensated absences

An actuarial valuation of compensated absences has been carried out by an independent actuary on the basis of the following assumptions:

Assumptions

	Year Ended 31 March 2016	Year Ended 31 March 2015
Discount rate	7.60% per annum	7.90% per annum
Estimated rate of return on plan assets	9.40% per annum	9.40% per annum
Salary Escalation Rate	10.50% per annum	10.0% per annum

The defined benefit obligation of compensated absences in respect of employees of the Company as at 31 March 2016 amounts to Rs. 23,187,528 (previous year Rs. 18,218,063).

Demographic assumptions

- a) **Retirement Age:** The employees of the Company are assumed to retire at the age of 60 years.



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

- b) **Mortality:** Published rates under the Indian Assured Lives Mortality (2006-08) Ult Table. Rates of Indian Assured Lives Mortality table at specimen ages are as shown below:

Age (Years)	Rates
18	0.000800
23	0.000961
28	0.001017
33	0.001164
38	0.001549
43	0.002350
48	0.003983
53	0.006643
58	0.009944

- c) **Leaving Service:** A withdrawal rate of 24% p.a. has been assumed at all ages in this valuation.
- d) **Leave Availment Pattern:** Based on the data provided the pattern of availment of leave by employee if the company in the past, it has been assumed by actuary that 5% of leave balance as at the valuation date and each subsequent year following the valuation date is availed by the employee. The balance leave is assumed to be available for encashment on separation from the Company.
- e) **Disability:** Leaving service due to disability is included in the provision made for all causes of leaving service.(paragraph c above)

39. Long Service Awards

Actuarial Valuation for Long Service Awards to employees has been carried out by an independent on the basis of following assumptions:

	31 Mar 2016
Discount Rate	7.60% p.a.
Increase in Cost of Award	0.00% p.a.

- a) **Discount Rate:** The discount rate is based on the prevailing market yields of Indian government securities as at 31st March 2016 for the estimated term of the obligations.
- b) **Increase in Cost of Award:** The increase in cost of award is in line with the long term assumption of price inflation as at the balance sheet date.

DEMOGRAPHIC ASSUMPTIONS AT THE VALUATION DATE:

- c) **Retirement Age:** The employees of the Company are assumed to retire at the age of 60 years



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

- d) **Mortality:** Published rates under the Indian Assured Lives Mortality (2006-08) Ult table. Rates of Indian Assured Lives Mortality table at specimen ages are as shown below:

Age (Years)	Rates
18	0.000800
23	0.000961
28	0.001017
33	0.001164
38	0.001549
43	0.002350
48	0.003983
53	0.006643
58	0.009944

- e) **Leaving Service:** We have assumed 24% per annum withdrawal rate at all ages in this valuation.
- f) **Disability:** Leaving service due to disability is included in the provision made for all causes of leaving service (paragraph (e) above).

The Defined benefit obligation for Long service awards in respect of employees of the Company as at 31st March 2016 is 4,705,715 (previous year Rs 1,947,475).

40. Un-hedged foreign currency exposure

The Company's exposure in respect of foreign currency denominated assets not hedged as on 31st March 2016 by derivative instruments or otherwise is USD 536,537 (Rs. 35,603,293) [Previous year USD 542,733 (Rs. 33,970,064)]. Similar amount for Payable & other liabilities is USD 1,597,998 (Rs. 105,794,570) [Previous year USD 1,396,105 (Rs. 87,383,346)].

41. In respect of accounts receivables, the Company is regularly generating and dispatching customer statements on periodic interval wherever transactions or outstanding are there. In case of disputes with regard to billing, there is a process of resolution and adjustments are carried out on regular basis. Moreover, in respect of accounts payable, the Company has a process of receiving regular balance confirmation from its vendors. The balances are reconciled with the balance confirmation received and discrepancies, if any are accounted on regular basis. For the year end balances of Account Receivables, Account Payables and Loans & Advances, the management is of the opinion that adjustments, if any required through the above mentioned process, will not have any material impact on the financials of the company.

42. During the year ending on 31st March'16, the Company has made certain changes in accounting policies. The policy changes have resulted in to lower profit by Rs 44,747,854/- with following details:

i) Pursuant to RBI Circular on "Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Credit Card Accounts" dated July 16th, 2015, the accounts of the customers where minimum amount due is paid within 90 days from Payment Due Date (except restructured advances) are classified as standard assets. Customers having overdue from 91 to 190 days from Payment Due Date (i.e. 180 days from Statement Date) and customers whose outstanding have been restructured are considered as Non-performing assets (NPA's). This policy change has resulted in lower profit by Rs.86,462,148/-.



Notes forming part of the financial statements[illegible]

SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

* It Includes advances to credit card customers only.

5 Borrower group-wise classification of assets financed as in (2) and (3) above:						
Category	Amount net of provisions					
	31-Mar-16			31-Mar-15		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries						
(b) Companies in the same group		5,318,584	5,318,584		1,938,601	1,938,601
(c) Other related parties		3,299,206	3,299,206		2,414,360	2,414,360
2. Other than related parties	1,685,517,762	72,263,089,878	73,948,607,640	1,571,146,650	55,664,801,343	57,235,947,993
Total	1,685,517,762	72,271,707,668	73,957,225,430	1,571,146,650	55,669,154,304	57,240,300,954

6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):				
Category	31-Mar-16		31-Mar-15	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	Nil	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil	Nil
2. Other than related parties	Nil	Nil	Nil	Nil
Total				

7	Other Information	31-Mar-16	31-Mar-15
(i)	Gross Non-Performing Assets		
	(a) Related parties		
	(b) Other than related parties	1,464,543,104	1,068,975,034
(ii)	Net Non-Performing Assets		
	(a) Related parties		
	(b) Other than related parties	1,095,223,339	798,130,519
(iii)	Assets acquired in satisfaction of debt		



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

46. Disclosure of Restructured Accounts

S. No.	Type of Restructuring		Under CDR				Under SME Debt				Others						
	Asset Classification Details		A #	B #	C #	D #	Total	A #	B #	C #	D #	Total	A #	B #	C #	D #	Total
1	Restructured accounts	No. of borrowers	-	-	-	-	-	-	-	-	-	-	5,639	-	-	-	5,639
	as on 1 April 15	Amount outstanding	-	-	-	-	-	-	-	-	-	-	342,122,580	-	-	-	342,122,580
		Provision thereon	-	-	-	-	-	-	-	-	-	-	123,200,000	-	-	-	123,200,000
		No. of borrowers	-	-	-	-	-	-	-	-	-	-	7,185	-	-	-	7,185
2	Fresh restructuring during the year	Amount outstanding	-	-	-	-	-	-	-	-	-	-	675,349,764	-	-	-	675,349,764
		Provision thereon	-	-	-	-	-	-	-	-	-	-	243,960,991	-	-	-	243,960,991
		No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	Amount outstanding	-	-	-	-	-	-	-	-	-	-	6,095	-	-	-	6,095
		Provision thereon	-	-	-	-	-	-	-	-	-	-	425,878,003	-	-	-	425,878,003
		No. of borrowers	-	-	-	-	-	-	-	-	-	-	154,099,178	-	-	-	154,099,178
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	54	-	-	-	54
6	Write-offs of restructured accounts during the FY	Provision thereon	-	-	-	-	-	-	-	-	-	-	2,435,872	-	-	-	2,435,872
		No. of borrowers	-	-	-	-	-	-	-	-	-	-	629,454	-	-	-	629,454
		Amount received	-	-	-	-	-	-	-	-	-	-	1,664	-	-	-	1,664
		Provision adjustments	-	-	-	-	-	-	-	-	-	-	256,295,355	-	-	-	256,295,355
7	Adjustments as on 31st Mar'16 for payment/provision*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	102,940,404	-	-	-	102,940,404
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	5,011	-	-	-	5,011
		Provision thereon	-	-	-	-	-	-	-	-	-	-	332,863,115	-	-	-	332,863,115
		No. of borrowers	-	-	-	-	-	-	-	-	-	-	109,491,955	-	-	-	109,491,955
8	Restructured Accounts as on 31st March 2016 (S No 1+2-3-4-5-6-7)	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* The Original format does not contain these particulars details

A: Standard assets B: Sub-standard assets C: Doubtful assets D: Loss assets

Note : Amount outstanding includes income and principle both. Provision as on 31st Mar'16 includes 25% provision on Principle & 100% of income component. Further, the provision amounts shown above in serial number 2, 3, 5, 6 & 7 are on the basis of Provision made on 31st Mar'16.

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SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

47. Additional Disclosures

47.1 Capital

Particulars	As at 31 March 2016	As at 31 March 2015
i) CRAR (%)	18.13%	18.63%
ii) CRAR - Tier I Capital (%)	14.28%	15.01%
iii) CRAR - Tier II Capital (%)	3.85%	3.61%
iv) Amount of subordinated debt raised as Tier-II capital*	3,400,000,000	2,400,000,000
v) Amount raised by issue of Perpetual Debt Instruments	-	-

*Qualifying amount as Tier II Capital (after discounting) as at 31st March 2016 is Rs 2,580,000,000 (Previous Year Rs. 1,860,000,000). Fresh subordinated debt raised as Tier II during Financial Year 2015-16 is Rs. 1,000,000,000 (Previous year Rs 1,000,000,000).

47.2 Investments

Particulars	As at 31st March 2016	As at 31st March 2015
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	Nil	Nil
(b) Outside India	Nil	Nil
(ii) Provisions for Depreciation		
(a) In India	Nil	Nil
(b) Outside India	Nil	Nil
(iii) Net Value of Investments		
(a) In India	Nil	Nil
(b) Outside India	Nil	Nil
2 Movement of Provisions held towards depreciation on investments		
(i) Opening balance	Nil	Nil
(ii) Add: Provisions made during the year	Nil	Nil
(iii) Less: Write-off / write-back of excess provisions	Nil	Nil
(iv) Closing balance	Nil	Nil



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SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

47.3 Derivatives

47.3.1 Forward Rate Agreement / Interest Rate Swap

Particulars		Year ended 31 March 2016	Year ended 31 March 2015
(i)	The notional principal of swap agreements	Nil	Nil
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
(iii)	Collateral required by the NBFC upon entering into	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Nil	Nil
(v)	The fair value of the swap book	Nil	Nil

47.3.2 Exchange Traded Interest Rate (IR) Derivatives

Particulars		Year ended 31 March 2016	Year ended 31 March 2015
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year	Nil	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding	Nil	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly"	Nil	Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil

47.3.3 Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

Particular		Year ended 31 March 2016		Year ended 31 March 2015	
		Currency Derivative	Interest Rate	Currency Derivative	Interest Rate
(i)	Derivatives (Notional Principal Amount) For hedging	Nil	Nil	Nil	Nil
(ii)	Marked to Market Positions	Nil	Nil	Nil	Nil
	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	Nil	Nil
(iii)	Credit Exposure	Nil	Nil	Nil	Nil
(iv)	Unhedged Exposures	Nil	Nil	Nil	Nil

SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

47.4.1 Disclosures relating to Securitisation

S. No.	Particulars	Year ended 31 March 2016	Year ended 31 March 2015
1.	No of SPVs sponsored by the NBFC for securitisation transactions	Nil	Nil
2.	Total amount of securitised assets as per books of the SPVs sponsored	Nil	Nil
3.	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	Nil	Nil
	a) Off-balance sheet exposures	Nil	Nil
	First loss	Nil	Nil
	Others	Nil	Nil
	b) On-balance sheet exposures	Nil	Nil
	First loss	Nil	Nil
	Others	Nil	Nil
4.	Amount of exposures to securitisation transactions other than MRR	Nil	Nil
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	Nil	Nil
	Loss	Nil	Nil
	ii) Exposure to third party securitisations		
	First loss	Nil	Nil
	Others	Nil	Nil
	b) On-balance sheet exposures		
	i) Exposure to own securitisations	Nil	Nil
	First loss	Nil	Nil
	Others	Nil	Nil
	ii) Exposure to third party securitisations		
	First loss	Nil	Nil
	Others	Nil	Nil



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

47.4.2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

Particulars		Year ended 31 March 2016	Year ended 31 March 2015
(i)	No. of accounts	Nil	Nil
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	Nil	Nil
(iii)	Aggregate consideration	Nil	Nil
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

47.4.3 Details of Assignment transactions undertaken by NBFCs

Particulars		Year ended 31 March 2016	Year ended 31 March 2015
(i)	No. of accounts	Nil	Nil
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	Nil	Nil
(iii)	Aggregate consideration	Nil	Nil
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

47.5 Details of non-performing financial assets purchased / sold

Details of non-performing financial assets purchased:

Particulars		Year ended 31 March 2016	Year ended 31 March 2015
1.	(a) No. of accounts purchased during the year	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil
2.	(a) Of these, number of accounts restructured during the year	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil

A. Details of Non-performing Financial Assets sold :

Particulars		Year ended 31 March 2016	Year ended 31 March 2015
1.	No. of accounts sold	Nil	Nil
2.	Aggregate outstanding	Nil	Nil
3.	Aggregate consideration received	Nil	Nil



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

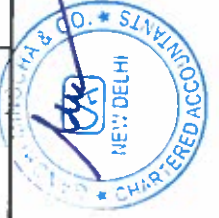
47.6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at 31st March 2016

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits									
Advances	20,154,830,255	11,991,306,898	7,816,096,616	15,129,881,816	11,924,676,608	5,475,890,132			72,492,682,326
Investments									
Borrowings	28,333,935,594	10,410,206,017	6,641,522,742	10,484,258,317	-	911,352,183	500,000,000	2,000,000,000	59,281,274,853
Foreign Currency assets	35,603,293								35,603,293
Foreign Currency liabilities		3,433,155	102,361,416						105,794,571

Maturity pattern of certain items of assets and liabilities as at 31st March 2015

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits									
Advances	15,484,443,742	8,856,804,039	5,737,734,029	11,874,810,615	9,697,795,789	4,295,052,402			55,946,640,616
Investments									
Borrowings	25,448,800,977	6,916,538,948	6,633,148,078	5,586,670,821	-	403,688,123	1,003,688,123	1,000,000,000	46,992,535,070
Foreign Currency assets	33,970,064								33,970,064
Foreign Currency liabilities		7,868,862	79,514,484						87,383,346



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

47.7.1 Exposure to Real Estate

Category		As at 31 March 2016	As at 31 March 2015
a)	Direct Exposure		
(i)	Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	Nil	Nil
(ii)	Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits. Investments in Mortgage Backed Securities (MBS) and other securitized exposures	Nil	Nil
(iii)	:-		
a.	Residential	Nil	Nil
b.	Commercial real Estate	Nil	Nil

47.7.2 Exposure to Capital Market

Particulars		As at 31 March 2016	As at 31 March 2015
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	Nil	Nil
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible	Nil	Nil
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii)	bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market		Nil	Nil



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

47.8 Details of financing of parent company products

The company has not financed any of the products of its parent company during the financial year 2015-2016.

47.9 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The company has not exceeded the prudential exposure limits during the year ended 31 March 2016.

47.10 Miscellaneous

47.10.1 Registration obtained from other financial sector regulators

The Company has also obtained registration from the following regulators apart from RBI.

Registration Authority	Registration No.
Certificate of Incorporation under Companies Act 1956	U65999DL1998PTC093849
Insurance Regulatory and Development Authority Regulations 2002	RSA 2105154

47.10.2 Disclosure of Penalties imposed by RBI and other regulators

No penalties have been imposed by any regulators during financial year 2015-2016.

47.10.3 Related Party Transactions

For related party transaction refer note No.28.

47.10.4 Ratings assigned by credit rating agencies and migration of ratings during the year

The company has been assigned short term debt rating of A1+ by CRISIL and ICRA and Long term debt rating of AAA by CRISIL and ICRA. There is no change in the rating during financial year 2015-2016.

47.10.5 Revenue Recognition

There is no circumstance in which revenue recognition has been postponed pending the resolution of significant uncertainties.



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

48 Additional Disclosures

48.1 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	As at 31 March 2016	As at 31 March 2015
Provisions for depreciation on Investment	-	-
Provision towards NPA	369,319,764	270,844,515
Provision made towards Income Tax	1,458,811,156	1,027,105,242
Provision for Long Service Awards	4,705,715	12,566,668
Provision for reward points redemption	1,532,288,907	932,981,912
Provision for Gratuity	3,457,738	1,732,628
Provision for Compensated absences	23,187,528	7,598,870
Provision for Employee stock option	2,461,753	2,546,804
Provision for Bonus & Incentive Payable	67,963,138	49,965,836
Provision for Other Expenses*	1,000,095,654	708,736,518
Provision for Other taxes	4,235,604	4,235,604
Provision for Standard Assets	289,970,729	224,685,304

* Includes accrued expenses for which services/goods received but the invoices are awaited.

48.2 Draw Down from reserves

There is no draw down from the reserves during the financial year ended 31st March 2016.

48.3 Concentration of Deposits, Advances, Exposures and NPAs

48.3.1 Concentration of Advances

Particulars	As at 31 March 2016	As at 31 March 2015
Total Advances to twenty largest borrowers*	767,539,243	575,485,823
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.04%	1.01%

*In case of Corporate Cards, the advances include all the credit cards advances to that Corporate in total.

48.3.2 Concentration of Exposures

Particulars	As at 31 March 2016	As at 31 March 2015
Total Exposure to twenty largest borrowers/customers*	2,870,367,738	2,783,583,697
Percentage of Exposures to twenty largest borrowers/customers to Total Exposures of the NBFC on borrowers/customers	0.59%	0.69%

*In case of Corporate Cards, the exposure includes all the credit cards exposure to that Corporate in total.

*The exposure here denotes the total credit card limit against the top twenty borrowers.

SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

48.3.3 Concentration of NPAs

Particulars	As at 31 March 2016	As at 31 March 2015
Total Exposure to top four NPA accounts*	2,650,005	3,279,187

*The exposure to NPA is only the principle outstanding. The income is fully de-recognised and limit is already blocked for these customers.

48.3.4 Sector wise NPAs

Sl No.	Sector	% of NPAs to Total Advances in that sector	As at 31 March 2016	As at 31 March 2015
1	Agriculture & allied activities			
2	MSME			
3	Corporate borrowers - Credit Cards*	0.02%	167,139	589,784
4	Services			
5	Unsecured personal loans			
6	Auto loans			
7	Other personal loans - Credit Cards	2.01%	1,464,375,965	1,068,385,250

*In case of Corporate Cards, the NPAs includes all the credit cards exposure to that Corporate in total. % of NPA is for FY 2015-16.

48.4 Movement of NPAs

Particulars	As at 31 March 2016	As at 31 March 2015
(i) *Net NPAs to Net Advances (%)	1.49%	1.40%
Movement of NPAs (Gross)		
(a) Opening balance	1,068,975,034	433,851,092.9
(b) Additions during the year	3,864,431,647	2,997,034,440
(c) Reductions during the year	3,468,863,577	2,361,910,498.9
(d) Closing balance	1,464,543,104	1,068,975,034
(ii) *Movement of NPAs (Net)		
(a) Opening balance	798,130,519	321,099,055
(b) Additions during the year	2,898,323,735	2,247,775,830
(c) Reductions during the year	2,601,230,915	1,770,744,366
(d) Closing balance	1,095,223,340	798,130,519
(iii) *Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	270,844,515	112,752,038.2
(b) Provisions made during the year	966,107,912	749,258,610
(c) Write-off/write-back of excess	867,632,663	591,166,133.4
(d) Closing balance	369,319,764	270,844,515

SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

48.5 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

There is no overseas asset as at 31 March 2016.

48.6 Off-balance Sheet SPVs sponsored

There is no off-balance sheet SPVs sponsored by the company during the year ended 31 March 2016.




48.7 Disclosures of Customers Complaints

S.no	Particulars	As at 31 March 2016	As at 31 March 2015
(a)	No. of complaints pending at the beginning of the year	529	317
(b)	No. of complaints received during the year	25,880	18,281
(c)	No. of complaints redressed during the year	25,984	18,069
(d)	No. of complaints pending at the end of the year	425	529

For **Gandhi Minocha & Co.**
Chartered Accountants
Firm Registration No.: 000458N


Manoj Bhardwaj
Partner
Membership No.: 98606

For and on behalf of the Board of Directors of
SBI Cards and Payment Services Private Limited

  
Director Director Company Secretary
DIN: 01659506 DIN: 07409731 Payal Mittal


Chief Executive Officer
Vijay Jasuja


Chief Financial Officer
Digmanu Gupta

Date: 27/04/16
Place: MUMBAI

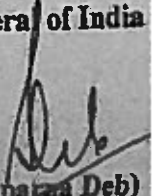
Date: 27/04/16
Place: MUMBAI

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF SBI CARDS & PAYMENT SERVICES PRIVATE LIMITED FOR
THE YEAR ENDED 31 MARCH 2016.**

The preparation of financial statements of SBI Cards & Payment Services Private Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 April 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of SBI Cards & Payment Services Private Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on the behalf of the
Comptroller & Auditor General of India**


(Suparna Deb)

**Director General of Commercial Audit
& Ex-officio Member, Audit Board-II
New Delhi**

**Place: New Delhi
Date: 15.07.2016**