

**SBI Cards and Payment
Services Private Limited**

Annual Report 2016-2017

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 19th Annual General Meeting of the Company will be held on Friday, September 29, 2017 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 2017 including the Audited Balance Sheet of the Company as at 31st March 2017 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 2017-18.

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, 2017, amounting to Rs. 785,000,002 declared by the Board of Directors.

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


Company Secretary

Date : 29-08-2017

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.

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

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. 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.

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U65999DL1998PTC093849

Name of the company: SBI Cards and Payment Services Private Limited

Registered office: Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower, E 1,2,3,
Netaji Subhash Place, Wazirpur, New Delhi, Delhi - INDIA - 110034

Name of the member (s) :

Registered address :

E-mail Id:

Folio No/ Client Id :

DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name :

Address :

E-mail Id :

Signature :..... or failing him

2. Name :

Address:

E-mail Id :

Signature:....., or failing him

3. Name :

Address:

E-mail Id:

Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the
.....Annual general meeting/ ~~Extraordinary general meeting~~ of the company, to be held on the
September 29, 2017 at 11:00 a.m. at Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower, E- 1,2,3,
Netaji Subhash Place, Wazirpur, New Delhi – 110034 and at any adjournment thereof in respect of such
resolutions as are indicated below:

Resolution No. 1.....

Resolution No. 2.....

Resolution No. 3.....

Signed this..... day of..... 20....

Signature of shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the
Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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

Dear Members,

Your Directors are pleased to present the Nineteenth Annual Report along with the Audited Annual Accounts of your Company for the financial year ended March 31, 2017.

FINANCIAL SUMMARY & STATE OF COMPANY'S AFFAIRS

The financial performance of the company for the financial year ended March 31, 2017 and for the previous year is summarized below: –

S.No	Particulars	Rs. In Crores	
		2016-17	2015-16
1	Income	3363.49	2491.78
2	Finance Cost	521.58	430.32
3	Operating & Other Expenses	1786.98	1270.75
4	Depreciation and Amortization	1.04	0.84
5	Profit /(Loss) Before Tax	598.46	438.18
8	Tax	208.05	154.28
9	Profit /(Loss) After Tax	390.41	283.9
10	Add: Opening surplus in statement of profit and loss	122.49	-10.15
11	Less: Transfer to Statutory Reserve	78.08	56.78
12	Interim equity dividend (amount Rs. 1 per share)	78.50	78.50
13	Tax on Interim equity dividend	15.98	15.98
14	Balance of P&L Account C/F to Balance Sheet	340.33	122.49

BUSINESS PERFORMANCE

In FY'16-17, your company has generated Profit after Tax of **Rs. 390.4 Cr** as against Rs 283.9 Cr in FY 15-16 at YOY growth of 37%.

Acquisition of new accounts has grown YOY by **50%** leading to **28%** growth in our cards base to **4.6 MM** as compared to **3.6 MM**. Our portfolio spends has shown an YOY increase of **51%** to close at **Rs. 43,436 Cr**. The growth rates in both spends and cards have been phenomenal and compares favourably against industry growth rates of 22% and 36% in cards and spends respectively. The impressive growth rate has enabled the company to achieve 2nd position in both spends and cards category.

Growth in Cards and Spends have enabled our Receivables to clock an increase of **39% YOY**. The company is closely monitoring its pre and post acquisition quality. The portfolio growth is taking place without compromising on portfolio quality. Gross NPA level for FY'16-17 has shown a downward trend to close at **1.6%** as compared to **2.0%** previous year.

Your company continuously reviews its existing product suite and explores opportunities in the market for new tie-ups and new product launches to offer best value proposition to customers. We have launched seven new products during the current financial year. We refreshed our existing Signature Card and introduced "Elite" Card with enhanced features to cardholders. An exclusive variant of Elite Card was launched for SBI-Xclusive wealth management customers. The company launched its 2nd cobrand card with Future Group namely SBI Central Card. We launched two other cobrand cards with Karnataka Bank and Chennai Metro. In order to target the youth, we launched SBI Students Plus Card for students in colleges and premier institutes.

As an initiative towards enabling digital India, We have also introduced a new "SBI Unnati Card" to focus exclusively to SBI customers.

On the digital front, your company has progressed phenomenally by ramping up its digital presence in web and mobile space.

SBI Card website receives **#14 MM** visitors per month with **9.4 MM** unique visitors. Close to half our cross sell sales take place through our website. We have also added additional following features on our website:

- **Online KYC document submission** for renewal of KYC through website
- **Add-on Plus** where customer can set the new mobile number for Add on card related notification and select a different credit limit for the Add-on Card
- **CLick2Buy functionality for Encash and Flexipay** where customer can login through the OTP through SMS to book Encash or Flexipay on website
- **Career Website Integration with SBI Card website**
- **Add-on KYC** to collect the KYC documents of the Add ON Card holder to ensure a complete digital process
- **MySBIWorld on onlinesbi.com**, this project enable the linkage of SBI Card post login section with Online SBI post login section so the customers can view their SBI credit card information on the Online SBI itself
- **Webform functionality** for complaint management

Our SBI Card mobile application has **3 MM+** logins per month. We have added new functionalities to the application this year namely, online rewards redemption, Estore buy integration with Goibibo and cross sell booking functionality.

We have enhanced our presence of social media platforms with 9 lac+ followers in facebook and 1.5 lacs+ fans in twitter. During the year we introduced our presence on Instagram too to cater to Travel & Fashion customer segments.

PROSPECTS

SBI Cards envisions making life simple for our cardholders by offering a superior customer experience, enhanced value proposition above competition and world class products to serve our customers. In the current financial year, Your Company has reached to 2nd position both in terms of no. of Cards as well as spends on Cards. We have also introduced new products and enhanced our service levels.

The company is focussed on growing our portfolio in a profitable manner and keeping a close watch on the portfolio health. SBI Card will concentrate on increasing its market share in cards and spends to achieve a superlative market position in the industry.

With this objective in mind, we have launched "Project Shikhar". One of the primary objective of this project is to ramp up sourcing from SBI customer base. We have already launched a product "Unnati" and are in the process of launching more products for this segments. We are also reviewing our internal processes/policies to enable faster turnaround and superior customer experience. For open market sourcing, we will explore new distribution channels and expand our footprint to ramp up sourcing. We will also continue to explore new Co-brand tie-ups to expand our coverage in areas of Retail, lifestyle, e-com and hospitality. This may require additional investments in the short run but will pay dividends in the long run with respect to profitability and industry position.

We have grown our commercial card base phenomenally this year and shall continue to focus on this segment as well to grow our portfolio. We shall focus on large and medium corporates for stable and profitable growth and shall continue to add value to our customers through premium service experience. The recent changes in KYC regime by allowing customers to complete through e-kyc using Aadhar biometrics offers simplification in customer acquisition process. We initiated a project this year to obtain KYC through Aadhar this year. We plan to leverage this facility to greater volumes next year to simplify our processes.

We remain committed to maximise value all our stakeholders, internal and external, including our customers, employees, shareholders and business partners. The business and financial performance of the company has been improving year on year. Our strong customer base, robust processes and internal control along with strong parentage and patronage of State Bank of India provides us a platform to reach greater heights in times to come.

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.

MATERIAL CHANGES AND COMMITMENTS DURING THE YEAR UNDER REVIEW

With the Public announcement of GE made on 10th April 2015 with respect to the reduction of the size of financial business, State Bank of India (the current shareholder) has proposed to increase its stake in the Company to 74% and the balance shares would be bought by a minority shareholder.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01-09-2016, is presented in a separate section forming part of the Annual Report.

DIVIDEND

In this fiscal, the company has achieved net profit of Rs. 390 Cr @ a growth rate of 37% vs previous year. In view of the commendable financial performance of the company, your Directors have declared an interim dividend of Rs. 1.00 (i.e. 10 %) per equity share (last year Rs. 1 (i.e. 10 %) per equity share) during the financial year ended March 31, 2017, 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/- which is being put up to the shareholders in the Annual General Meeting. No further dividend is being declared this year.

RESERVES

During the year ended March 31, 2017, the Company appropriated Rs. 780,815,569 towards the Statutory Reserves (Rs. 567,801,390/- in FY 2015-16) in accordance with Section 45-IC of the Reserve Bank of India Act, 1934.

Also, an amount of Rs. 764,041 was utilized from Capital Reserve towards Share based employee compensation cost for the FY 2016-17.

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%. company's CAR is well above the regulatory requirement at 17.06% with 12.72% as Tier 1 Capital.

DEBENTURES

a. Issue and Allotment

During the Financial Year 2016-17, your Company raised Rs. 200 Crores by issue and allotment of 2000 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, SBI Trustee Company Limited for the Debenture Series 4 had submitted notice of retirement from its capacity as trustee for the Debenture Holders vide letter dated December 29, 2016, 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). The retirement shall be effective from May 8, 2017.

Your Company has with effect from May 8, 2017, with the permission of the Board appointed Axis Trustee Services Limited (ATSL) as Trustee of the Debenture Holders of Debenture allotted on September 28, 2012 under Debenture Series 4.

CHANGE IN REGISTRAR AND TRANSFER AGENT (RTA)

During the year under review your Company appointed Skyline Financial Services Pvt. Ltd. as Registrar & Transfer Agent of the Company to carry out the activities of registry and transfer of Shares of the Company in place of Sharepro Services (India) Pvt. Ltd.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF COMPANIES ACT, 2013

During the year under review your Company invested Rs. 10010 in 1001 equity shares of SBI Foundation at the rate of Rs. 10 per share (face value) by way of purchase/transfer of such shares from/by State Bank of India.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Composition of the Board of Director is in terms of the Companies Act, 2013 and the RBI Directions. Board consists of eight Directors namely Smt. Arundhati Bhattacharya, Shri Dinesh Kumar Khara, Shri Neeraj Vyas, Shri Ryan Armand Zanin, Shri Banmali Agrawala, Shri Ashwini Kumar Sharma, Smt. Saraswathy Athmanathan and Shri Ashish Sharma (who resigned from the directorship of the company with effect from the conclusion of the Board Meeting held on August 09, 2017.) Shri Vishal Gulati (DIN 07564924) was appointed as the nominee Director with effect from conclusion of the Board Meeting held on August 09, 2017.

Following changes are being reported in the composition of Board of Directors during the FY 2016-17 and up to the date of the report:

S. No.	Director	Appointment (FY 2016-17)	Cessation/resignation (FY 2016-17)
1.	Shri Narasimhachari Krishnamachari	-	July 21, 2016 (Resignation)
2.	Shri Prashant Kumar	July 21, 2016 (Appointed as Nominee Director Director)	January 19, 2017 (Resignation)
3.	Shri V G Kannan	-	July 30, 2016 (Resignation)
4.	Smt. Saraswathy Athmanathan	September 12, 2016 (Appointed as Nominee Director Director)	-
5.	Shri Ryan Armand Zanin	September 23, 2016 (Regularised as Nominee Director Director)	
6.	Shri Dinesh Kumar Khara	November 1, 2016 (Appointed as Nominee Director Director)	
7.	Shri Neeraj Vyas	January 31, 2017 (Appointed as Nominee Director of SBI)	-
8.	Shri Percival Sam Billimoria	-	June 12, 2017 (Resignation)
9.	Shri Ashish Sharma	-	Resignation (With effect from the conclusion of the Board Meeting held on August 09, 2017)
10.	Shri Vishal Gulati	Appointed as Nominee Director of GECMOI with effect from the conclusion of the Board Meeting held on August 09, 2017	

Your Directors place on record their sincere appreciation for the contribution made by Shri V G Kannan, Shri Narasimhachari Krishnamachari, Shri Prashant Kumar, Shri Percival Sam Billimoria and Shri Ashish Sharma during their tenure on the Board of the Company.

Company has three Key Managerial Personnel namely Shri Vijay Kumar Jasuja, Manager designated as CEO, Shri Praveen Singh, CFO and Ms. Payal Mittal, Company Secretary as on March 31, 2017.

During the financial year 2016-17, Shri Vijay Kumar Jasuja has been re-appointed as the Manager designated as Chief Executive Officer of the Company with effect from July 9, 2016 to January 31, 2018. Also, Shri Praveen Singh was appointed as the CFO with effect from November 1, 2016. Shri Digmanu Gupta was relieved of his duties as CFO on September 9, 2016.

NUMBER OF MEETINGS OF THE BOARD

6 meetings of the Board of Directors were held during the year. The Board met on 27-04-2016, 04-07-2016, 28-07-2016, 01-11-2016, 31-01-2017, 29-03-2017. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

The details of the meetings attended by directors during the financial year 2016-17 are as follows:

S. No.	Name of Directors/ Member	DIN	Status	No. of Meetings Attended
1.	Smt Arundhati Bhattacharya	02011213	Chairman	3
2.	Shri Dinesh Kumar Khara	06737041	Director appointed on 01-11-2016	3
3.	Shri Neeraj Vyas	07053788	Director appointed on 31-01-2017	2
4.	Smt Saraswathy Ahmanathan	06798837	Director appointed on 12-09-2016	3
5.	Shri Ashwini Kumar Sharma	00157371	Director	5
6.	Shri Banmali Agrawala	00120029	Director	1
7.	Shri Ashish Sharma	01659506	Director	6
8.	Shri Ryan Armand Zanin	07316506	Director	5
9.	Shri V G Kannan	03443982	Ex-Director Cessation w.e.f 30-07-2016	3
10.	Shri Narasimhachari Krishnamachari	07409731	Ex-Director Cessation w.e.f 21-07-2016	2
11.	Shri Percival Sam Billimoria	01197535	Independent Director	1
12.	Shri Prashant Kumar	07562475	Ex-Director Cessation w.e.f 19-01-2017	2

COMPOSITION OF AUDIT COMMITTEE

The composition of the Audit Committee and the details of the 6 Audit Committee meetings held in accordance with the applicable guidelines and rules, during the year ending March 31, 2017 are as follows:

S. No.	Name of Directors/ Member	Status	No. of Meetings Attended
1	Shri Neeraj Vyas	Member wef 31-01-2017 Chairman wef 29-03-2017	1
2	Smt Saraswathy Athmanatha	Member wef 12-09-2016	3
3	Shri Ashish Sharma	Member	6
4	Shri Narasimhachari Krishnamachari	Ex-Member w.e.f 21-07-2016	2
5	Shri Prashant Kumar	Ex-Member w.e.f 19-01-2017	2

The Audit Committee met on 27-04-2016, 04-07-2016, 28-07-2016, 01-11-2016, 31-01-2017, 29-03-2017.

Shri Ashish Sharma resigned from the directorship of the company with effect from the conclusion of the Board Meeting held on August 09, 2017 consequently vacancy was created in Audit Committee as well. Shri Vishal Gulati (DIN 07564924) was appointed as the nominee Director and member of Audit Committee with effect from conclusion of the Board Meeting held on August 09, 2017.

COMPOSITION OF RISK MANAGEMENT COMMITTEE

The composition of the Risk Management Committee and the details of the 4 Risk Management Committee meetings held, in accordance with the applicable guidelines and rules, during the year ending March 31, 2017 are as follows:

S. No.	Name of Directors/ Member	Status	No. of Meetings Attended
1	Shri Neeraj Vyas	Member wef 31-01-2017	-
2	Smt Saraswathy Athmanatha	Member wef 12-09-2016	2
3	Shri Ashish Sharma	Member	4
4	Shri Narasimhachari Krishnamachari	Ex-Member w.e.f 21-07-2016	1
5	Shri Prashant Kumar	Ex-Member w.e.f 19-01-2017	2

The Risk Management Committee met on 27-04-2016, 28-07-2016, 01-11-2016, 31-01-2017.

Shri Ashish Sharma resigned from the directorship of the company with effect from the conclusion of the Board Meeting held on August 09, 2017 consequently vacancy was

created in Risk Management Committee as well. Shri Vishal Gulati (DIN 07564924) was appointed as the nominee Director and member of Risk Management Committee with effect from conclusion of the Board Meeting held on August 09, 2017.

COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee and the details of the 4 NRC meetings held, in accordance with the applicable guidelines and rules, during the year ending March 31, 2017 are as follows:

S. No.	Name of Directors/ Member	Status	No. of Meetings Attended
1	Shri Neeraj Vyas	Member wef 31-01-2017	-
2	Smt Saraswathy Athmanatha	Member wef 12-09-2016	2
3	Shri Ashish Sharma	Member	4
4	Shri Narasimhachari Krishnamachari	Ex-Member w.e.f 21-07- 2016	2
5	Shri Prashant Kumar	Ex-Member w.e.f 19-01- 2017	1

The Nomination and Remuneration Committee met on 27-04-2016, 04-07-2016, 01-11-2016, 31-01-2017.

The NRC has been reconstituted with effect from 07-04-2017 with following members:

1. Shri Dinesh Kumar Khara (nominee Director SBI)
2. Shri Ashwini Kumar Sharma (nominee Director SBI)
3. Shri Ashish Sharma (nominee Director GE Capital)

Shri Ashish Sharma resigned from the directorship of the company with effect from the conclusion of the Board Meeting held on August 09, 2017 consequently vacancy has been created in Nomination and Remuneration Committee as well.

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 3 CSR Committee meetings held, in accordance with the applicable guidelines and rules, during the year ending March 31, 2017 are as follows:

S. No.	Name of Directors/ Member	Status	No. of Meetings Attended
1	Shri Neeraj Vyas	Member wef 31-01-2017	-
2	Smt Saraswathy Athmanatha	Member wef 12-09-2016	1
3	Shri Ashish Sharma	Member	3

4	Shri Narasimhachari Krishnamachari	Ex-Member w.e.f 21-07-2016	1
5	Shri Prashant Kumar	Ex-Member w.e.f 19-01-2017	1

The CSR Committee met on 27-04-2016, 28-07-2016, 31-01-2017.

Shri Ashish Sharma resigned from the directorship of the company with effect from the conclusion of the Board Meeting held on August 09, 2017 consequently vacancy was created in CSR Committee as well. Shri Vishal Gulati (DIN 07564924) was appointed as the nominee Director and member of CSR Committee with effect from conclusion of the Board Meeting held on August 09, 2017.

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 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 RBI Directions 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 2016-17 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 Ashwini Kumar Sharma, Smt Saraswathy Athmanathan and Shri Percival Sam Billimoria for the meetings attended by them during the FY 2016-17.

Closing Balance as on March 31, 2017 of the credit cards issued to Directors of the Company is Rs. 11,94,859/-

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. 000458N), as the Statutory Auditor of the Company for the financial year 2016-17. 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. There are no qualifications, reservations or adverse remarks or disclaimers made by Statutory Auditor and CAG in their reports.

The Statutory Auditors' report and CAG Audit Report are self-explanatory in nature and does not require any comments from Directors of the Company.

Further, the Statutory Auditors for the Financial Year 2016-17 are being 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 2016-17, the Company incurred foreign currency expense of an amount of Rs. 986,437,462/- on network, other service charges and other expenses (2015-16: Rs. 770,254,744/-).

The dividend remitted during the year 2016-17 in foreign currency was Rs. 314,000,000 (2015-16: Rs. 314,000,000).

The foreign exchange earnings during the year 2016-17 were Rs. 1,041,003,974/- (2015-16: Rs. 529,347,672/-).

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, 2017 are as below:

<i>Instrument</i>	<i>Rating</i>	<i>Rating Agency</i>	<i>Comments</i>
Debentures/Bonds	AAA/Stable	CRISIL & ICRA	This is highest level of ratings and Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations.
Short Term Ratings(Bank Lines/Commercial Paper)	A1+	CRISIL & ICRA	Such instruments carry lowest credit risk.

AWARDS

- SBI Card has qualified as an organization built on high-trust, high-performance culture and **has been certified as Great Workplace** by Great place to work Institute, India. SBI Card was chosen amongst 600+ organisation pan India
- SBI Card has been adjudged as the **14th best 'Dream Company to work for'** by World HRD Congress, in association with Times Ascent. A ranking of top-75 companies was made post a jury evaluation
- In above Congress, SBI Card also won award in the following categories for Best Workplace practices, For managing health at work and Best in employee engagement
- CEO of SBI Card won '**CEO with HR orientation**' which recognizes the fact that under his leadership, the organization has succeeded in creating noteworthy benchmarks in human resource practices and employee relationships, thereby making SBI Card the No. 2 credit card company in India
- SBI Card has been acknowledged by LinkedIn for highest increase in "**Talent Brand Index**"
- SBI Card awarded **Most Trusted Brand by Reader's Digest Trusted Brand Awards 2016**
- SBI Card's Corporate card team has been awarded with the "**number One commercial card issuer**" award by VISA

- Fraud Control Team was awarded with **“Champion Security Award”** for the South Asia region for the lowest fraud to sales ratio and strong risk management process.
- At the global Compliance Register Platinum Award ceremony in London, SBI Card won the award for **‘Compliance Excellence’** and bagged the Runner Up award in **‘Best Head of Regulatory Compliance’** category
- The compliance team of SBI Card was also awarded **‘Excellent Compliance Performer-2016’** across Indian industries at the Annual Compliance 10/10 awards
- SBI Card also won **‘Compliance Team of the Year-Overseas’** award at GRCI Annual Awards 2016 across Australasia
- SBI Card legal team has been awarded the **‘Best In-House Legal Team of the Year (Mid-Size)’** at the Indian Legal Awards organized by Legal Era Magazine
- SBI Card was awarded for **Best Loyalty Program in Financial Sector: Non-Banking**, during The Customer FEST Show at the 10th edition of Loyalty Summit
- SBI Card awarded with the **“Best Data Quality”** award in NBFC category for the second time in a row, at annual CIBIL conference.

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 has appointed Ernst & Young for conducting periodic audits of the internal functions and processes of the company. 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 in place a robust and comprehensive Risk Management framework enumerating risk based decision making and risk management processes encompassing existing risks, new risks that may have arisen, the likelihood and impact of risks & reporting significant changes adjusting to the risk priorities. In addition, the overall risk management process is subjected to periodic review to deliver assurance that it remains appropriate and effective, 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 Management Policy and 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 are also reported to the Board in case of any trigger breaches.

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 2016-17. The total amount involved in these frauds was Rs. 49,461,633/-.

PARTICULARS OF EMPLOYEES

Your Directors would like to place on record their sincere appreciation for 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, 2017, 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 independence 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 as on March 31, 2017 comprises of Nandini Malhotra (Presiding Officer), Girish Budhiraja, Ritu Saxena, Siddhartha Dasgupta (Mumbai), K Padmanabh, Smriti Bijlani, Shephali Birdi, Raavi Birbal (External Member) as the members of the Committee.

During the calendar year 2016, no case was reported under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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: 09-08-2017
Place: Mumbai

For and on behalf of the Board

A. B. S. Choudhary

CHAIRMAN
DIN: 02011213

[Signature]

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

The financial results for the year ended March 31, 2017 and the previous year are as under:

<i>In Rs. Crores</i>			
S. No	Particulars	2016-17	2015-16
1	Income	3363.49	2491.78
2	Finance Cost	521.58	430.32
3	Operating & Other Expenses	1786.98	1270.75
4	Depreciation and Amortization	1.04	0.84
5	Profit /(Loss) Before Tax	598.46	438.18
6	Tax	208.05	154.28
7	Profit /(Loss) After Tax	390.41	283.9

APPROPRIATIONS

In this fiscal, the company has achieved net profit of **Rs. 390 Cr @** a growth rate of 37% vs previous year. 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	2016-17	2015-16
[Deficit]/Surplus in the Statement of P&L	122	(10)
Profit/(Loss) for the year	390	284
Transfer to Statutory Reserve	(78)	(57)
Transfer to General Reserve	-	-
Transfer to Capital Reserve	-	-
Interim Dividend	(79)	(79)
Tax on Dividend	(16)	(16)
Balance carried over to Balance Sheet	340	122

BUSINESS PERFORMANCE

In FY'16-17, your company has generated Profit after Tax of **Rs. 390.4 Cr** as against **Rs 283.9 Cr** in FY 15-16 at **YOY growth of 37%**.

Acquisition of new accounts has grown YOY by **50%** leading to **28%** growth in our cards base to **4.6 MM** as compared to **3.6 MM**. Our portfolio spends has shown an YOY increase of **51%** to close at **Rs. 43,436 Cr**. The growth rates in both spends and cards have been phenomenal and compares favourably

against industry growth rates of 22% and 36% in cards and spends respectively. The impressive growth rate has enabled the company to achieve 2nd position in both spends and cards category.

Growth in Cards and Spends have enabled our Receivables to clock an increase of 39% YOY. The company is closed monitoring it's pre and post acquisition quality. The portfolio growth is taking place without compromising on portfolio quality. Gross NPA level for FY'16-17 has shown a downward trend to close at 1.6% as compared to 2.0% previous year.

Your company continuously reviews it's existing product suite and explores opportunities in the market for new tie-ups and new product launches to offer best value proposition to customers. We have launched seven new products during the current financial year. We refreshed our exiting Signature Card and introduced "Elite" Card with enhanced features to cardholders. An exclusive variant of Elite Card was launched for SBI-Xclusive wealth management customers. The company launched its 2nd cobrand card with Future Group namely SBI Central Card. We launched two other cobrand cards with Karnataka Bank and Chennai Metro. In order to target the youth, we launched SBI Students Plus Card for students in colleges and premier institutes.

As an initiative towards enabling digital India, We have also introduced a new "SBI Unnati Card" to focus exclusively to SBI customers.

On the digital front, your company has progressed phenomenally by ramping up its digital presence in web and mobile space.

SBI Card website receives #14 MM visitors per month with 9.4 MM unique visitors. Close to half our cross sell sales take place through our website. We have also added additional following features on our website:

- **Online KYC document submission** for renewal of KYC through website
- **Add-on Plus** where customer can set the new mobile number for Add on card related notification and select a different credit limit for the Add-on Card
- **CLick2Buy functionality for Encash and Flexipay** where customer can login through the OTP through SMS to book Encash or Flexipay on website
- **Career Website Integration with SBI Card website**
- **Add-on KYC** to collect the KYC documents of the Add ON Card holder to ensure a complete digital process
- **MySBIWorld on onlinesbi.com**, this project enable the linkage of SBI Card post login section with Online SBI post login section so the customers can view their SBI credit card information on the Online SBI itself
- **Webform functionality** for complaint management

Our SBI Card mobile application has 3 MM+ logins per month. We have added new functionalities to the application this year namely, online rewards

redemption, Estore buy integration with Goibibo and cross sell booking functionality.

We have enhanced our presence of social media platforms with 9 lac+ followers in facebook and 1.5 lacs+ fans in twitter. During the year we introduced our presence on Instagram too to cater to Travel & Fashion customer segments.

PROSPECTS

SBI Cards envisions making life simple for our cardholders by offering a superior customer experience, enhanced value proposition above competition and world class products to serve our customers. In the current financial year, Your Company has reached to 2nd position both in terms of no. of Cards as well as spends on Cards. We have also introduced new products and enhanced our service levels.

The company is focussed on growing our portfolio in a profitable manner and keeping a close watch on the portfolio health. SBI Card will concentrate on increasing its market share in cards and spends to achieve a superlative market position in the industry.

With this objective in mind, we have launched "Project Shikhar". One of the primary objective of this project is to ramp up sourcing from SBI customer base. We have already launched a product "Unnati" and are in the process of launching more products for this segments. We are also reviewing our internal processes/policies to enable faster turnaround and superior customer experience. For open market sourcing, we will explore new distribution channels and expand our footprint to ramp up sourcing. We will also continue to explore new Co-brand tie-ups to expand our coverage in areas of Retail, lifestyle, e-com and hospitality. This may require additional investments in the short run but will pay dividends in the long run with respect to profitability and industry position.

We have grown our commercial card base phenomenally this year and shall continue to focus on this segment as well to grow our portfolio. We shall focus on large and medium corporates for stable and profitable growth and shall continue to add value to our customers through premium service experience. The recent changes in KYC regime by allowing customers to complete through e-kyc using Aadhar biometrics offers simplification in customer acquisition process. We initiated a project this year to obtain KYC through Aadhar this year. We plan to leverage this facility to greater volumes next year to simplify our processes.

We remain committed to maximise value all our stakeholders, internal and external, including our customers, employees, shareholders and business partners. The business and financial performance of the company has been improving year on year. Our strong customer base, robust processes and internal control along with strong parentage and patronage of State Bank of India provides us a platform to reach greater heights in times to come.

MACRO ECONOMIC OUTLOOK

The outlook for growth in FY 2017-18 remains positive, as indicated by the Reserve Bank of India in the Sixth Bi-Monthly Policy Statement. As per the latest estimates released by the CSO, the country's GDP growth is estimated at 7.1 per cent for FY 2016-17. Post demonetisation, growth is expected to bounce back and likely to boost consumption demand in the next fiscal. RBI has pegged the likely growth rate in FY 2017-18 at 7.4%.

One of the most significant event effecting the Indian Economy in FY 2016-17 was Demonetisation announced on November 2016. The basic objectives of the exercise was aimed at addressing black money, counterfeit currency and terror financing. In the backdrop of demonetisation, the Government of India gave a push towards transforming India into a cash less economy providing a boost to the long terms prospects of the payment industry. This has led to a favourable environment with respect to acceptability of cards and other payment instruments in the country.

The 3 factors which will drive the growth of digital payments in India are digitally evolved consumers, concerted efforts of Government & RBI and well equipped players. Estimates suggest that e-commerce market could grow by 40% annually for the next five years. Active support from the government for cashless economy, growth of e-commerce and change in acceptance of credit cards amongst consumers is expected to lead generate a huge opportunity for credit card sector.

Introduction of GST in July'2017 is going to be another event with significant implications. A simplified and robust tax system is expected to improve business sentiments leading to higher investments and growth.

INDUSTRY DEVELOPMENTS

As per the RBI Industry reports, number of credit cards in circulation in India stands at 29.8 Mn as on Mar 2017 growing by 22% YOY. Retail spends on credit cards for FY 2016-17 stands at Rs. 3,281 Bn showing a growth of 36% YOY. No of POS terminals have also grown by 83% from 1.38 Mn to 2.52 in the current financial year providing a much needed thrust to Indian payment industry.

Your company has grown significantly above industry averages in both spends and cards categories. The company has a total card base of 4.6 Mn as on Mar 2017 which is 26% higher than previous year. The company has improved its market ranking from 3rd to 2nd position in terms of card base with 15.3% market share (14.8% previous year).

Retail spends on our cards for FY 2016-17 was at Rs. 434Bn which has grown by impressive 51% YOY. The company leaped to 2nd position in terms of spends from 4th position with market share of 13.2% (11.9% previous year)

OPPORTUNITIES

Credit card spends as a percentage of Personal Consumption Expenditure in India stands @ 3.7% for FY'16-17 which makes it one of the least penetrated markets globally. This represents a huge potential to increase credit card penetration in India.

The recent Demonetisation exercise by the Govt. of India has created a favourable environment for payment companies including credit card companies. Post demonetisation awareness & acceptance of credit cards have increased amongst consumers leading to increase in new account sourcing and increase in spends.

THREATS

Along with opportunities, post demonetisation has also brought in new challenges to the sector. Due to lack of infrastructure in rural areas, it will always be a major obstacle for growth of card industry in India. Further, government has recently launched new payment system, Unified Payment Interface (UPI) and is also contemplating to leverage Aadhar database of UIDAI to launch biometric based payment systems. The impact of these initiatives on credit cards is uncertain and the company will need to keep a close watch to analyse and take actions as and when required.

The company will also have to keep a close watch on the newly launched Payment Banks. Though currently, these Banks are not allowed to launch credit products, these banks may cause potential competition through their enhanced distribution network and potential tie-ups with full service banks to offer credit facilities.

RISKS AND CONCERNS

Cybersecurity has become a leading concern to the financial sector with increase in incidents of data thefts and cyber frauds. The company accords highest priority in keeping our networks and IT infrastructure safe and robust in preventing such incidents. We are evaluating insurance cover to protect against potential loss arising out of cyber frauds.

New Payment Technologies

The company has been making rapid strides to adopt and implement new technologies. SBI cards has been one of the earliest issuers to launch contact less cards in the industry with 3 of our products on contactless technology contributing 25% of our total new acquisitions.

The payments ecosystem is fast evolving and changing rapidly over last few years with introduction of new payment systems in the form of Bharat QR, mobile payment applications etc. Bharat QR payment system will allow merchants to receive digital payments without the use Point-of-Sale (POS) machines. This is expected to simplify digital payments and enable more people

to move to the cashless payment methods. Visa has also launched M-visa, its new transformative way to pay & accept payment using smartphones. These technological developments are expected to lead to growth in this sector. The advent of mobile technology in the payment space has introduced opportunities to migrate plastic cards to virtual cards in mobile handsets.

Your company is well placed to embrace the changing technologies and has launched its first product in association with Samsung Pay using HCE technology. 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. We have planned to go-live with m-visa during FY'17-18.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

Company has in place a robust & comprehensive Risk Management framework enumerating risk based decision making and risk management processes encompassing existing risks, new risks that may have arisen, the likelihood and impact of risks & reporting significant changes adjusting to the risk priorities. In addition, the overall risk management process is subjected to periodic review to deliver assurance that it remains appropriate and effective, 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 synchronized 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 Ernst & Young for conducting periodic audits of the internal functions and processes of the company for the year.

HUMAN RESOURCES

Your company has revamped employee benefits structure which focuses on enhancing employee advantages and experience. 540 people were employed in the Company as on 31-03-2017.

A new Insurance Benefits policy for the new financial year has been designed offering more value for our employees.

Comprehensive program focusing on employee health and wellness has been introduced as 'Embracing Wellness' for all our locations which would replace our current program 'Health Ahead'.

In our endeavour to drive a strong Reward & Recognition culture at SBI Card, we revamped our R&R programs and branded as "Wings". With this program,

our aim is to promote a healthy culture of recognition across the organization, at the same time keeping it simple and instant so as to make it an enriching experience for our employees. Keeping this in mind the new R&R structure has been thoughtfully curated, adapting to the best in class industry practices. Some of the key highlights of the new R&R structure are as follows:

- ✓ Comprehensive program covering multiple recognition segments like (long association, performance, culture, team spirit, innovation and leadership)
- ✓ Supported by an automated R&R platform and mobile application which covers the complete recognition lifecycle.
- ✓ Enhances the employee social engagement through interactive recognition wall which offers features like comment, clap and applaud
- ✓ Offers exciting reward options to employees like international/domestic travel, adventure/dining experiences, products and gift vouchers

For the first time under our **learning and development initiative "Lead@work"** created curriculum to address the learning needs for the employees. We have also partnered with Global institutes for senior leadership interventions.

Date: 09-08-2017
Place: Mumbai

For and on behalf of the Board

A. Bhattacharya

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 the contract / arrangements/transactions	Salient terms of the 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 advance, 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 the 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	Ongoing	Over the Counter services given to customers	No
3	SBI, Holding Company	Services	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	01/04/2015 - 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	Ongoing	Fixed Deposit on standard terms and conditions	No
8	SBI, Holding Company	Services	Ongoing	Royalty paid for use of Logo	No
9	SBI, Holding Company	Services	Ongoing	Agreement for selling the Company's Credit Cards through SBI's networks	No
10	SBI, Holding Company	Investment/Purchase of Shares	2016-17	Investment in 1001 Equity Shares of SBI Foundation by way of transfer from SBI	Yes
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	Ongoing	PreSelect Marketing Cross Cell	No
14	SBI, Holding Company	Services	02-11-2015 - coterminous with Alliance	Arrangement between SBI and SBI Cards for Mumbai Metro Credit Card	No

			Agreement with Mumbai Metro (valid from 14-10- 2014 to 13-10- 2019)			
15	GE Capital Business Process Management Services Pvt. Ltd, Common Directors	Services	01-04-2016-31- 03-2017	Business Process Management Services	No	
16	GE Capital Business Process Management Services Pvt. Ltd, Common Directors	Services	01-04-2016-31- 03-2017	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, Group Entity	Services	Ongoing	Arrangement for selling the Company's Credit Cards through Bank networks	No	
19	State Bank of Hyderabad	Services	Ongoing	Arrangement for selling the Company's Credit Cards through	No	

	Group Entity	Services		Bank networks	
20	State Bank of Patiala Group Entity	Services	Ongoing	Arrangement for selling the Company's Credit Cards through Bank networks	No
21	State Bank of Bikaner & Jaipur Group Entity	Services	Ongoing	Arrangement for selling the Company's Credit Cards through Bank networks	No
22	State Bank of Mysore Group Entity	Services	Ongoing	Arrangement for selling the Company's Credit Cards through Bank networks	No
23	State Bank of Travancore Group Entity	Services	Ongoing	Day to day operations of bank accounts with SBI	No
24	State Bank of Hyderabad Group Entity	Services	Ongoing	Day to day operations of bank accounts with SBI	No
25	State Bank of Patiala Group Entity	Services	Ongoing	Day to day operations of bank accounts with SBI	No
26	State Bank of Bikaner & Jaipur Group Entity	Services	Ongoing	Day to day operations of bank accounts with SBI	No
27	State Bank of Mysore Group Entity	Services	Ongoing	Day to day operations of bank accounts with SBI	No
28	SBI Life Insurance Company Limited, Group	Services	11-06-2010 - Initial term 3 years, automatic renewal thereafter	Commission Received	NA

	Company	Services	01 st March 2016 Onwards	Commission Received	No
29	SBI Life Insurance Company Limited, Group Company	Services	01 st March 2016 Onwards		No
30	SBI General Insurance Company Limited, Group Company	Services	April 2016 Onwards	Arrangement of Distributing General insurance Products for SBI General Ins Co. Ltd	No
31	SBI Cap Trustee Co. Ltd, Group Company	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., Group Company	Services	09-08-2016 to 08-08-2017 (06-08-2015 to 05-08-2016)	D&O Policy cover of Rs. 10 crores	Yes
33	SBI Funds Mgmt Pvt Limited, Common Directors	Investment	Ongoing	Investments done in accordance with Investment Policy of the Company	NA
34	GE Capital, Joint Venturer	Services	Ongoing	Training and other services	No
35	GE India Industrial P Limited, Common Directors	Services	Ongoing	Arrangement for availment of HR Recruitments, HR Ops, Training Exp, SSS Invoice Processing & ET&L Claim processing	No

36	KMP remuneration	Service	Ongoing		As per Policy of the Company	No
37	Sitting Fee to Directors	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
38	SBI, Holding Company	Service	2016-17		Hosting of Sbi Card Link on Online SBI' website	No
39	State Bank of Travancore Group Entity	Service	2016-17		Hosting of Sbi Card Link on its website	No
40	State Bank of Hyderabad Group Entity	Service	2016-17		Hosting of Sbi Card Link on its website	No
41	State Bank of Patiala Group Entity	Service	2016-17		Hosting of Sbi Card Link on its website	No
42	State Bank of Bikaner & Jaipur Group Entity	Service	2016-17		Hosting of Sbi Card Link on its website	No
43	State Bank of Mysore Group Entity	Service	2016-17		Hosting of Sbi Card Link on its website	No
44	SBI, Holding Company	Service	Ongoing		ATM Lead Generation	No
45	SBI General Insurance Company Ltd, Group Company	Service	01-09-2016 to 31-08-2017		SBI General Fidelity Insurance Policy	Yes
46	GE India Industrial Pvt. Ltd., Common	Service	01-07-2013 - ongoing		Arrangement for providing infrastructure support services including IT support services	No

46	GE India Industrial Pvt. Ltd., Common Directors	Service	01-07-2013 - ongoing	Arrangement for providing infrastructure support services including IT support services	No
47	GE India Industrial Pvt. Ltd., Common Directors	Service	01-Sep-2016 - ongoing	Reimbursement to GEIPL of rentals on actual cost basis for the use of Mumbai Office premises	No
48	GECMOI, Joint Venturer	Service	2016-17	Sharing of data (CIBIL)	No
49	SBI, Holding Company	Service	2016-17	Advertisement in newspaper with SBI	No
50	SBI, Holding Company	Service	Effective from 30-03-2017 till 29-03-2018	Disbursement of loan to customers through SBI CMP in electronic mode (amendment in existing CMP arrangement)	No
51	SBI, Holding Company	Service	2016-17	SME Card	No
52	SBI, Holding Company	Service	2016-17	General Unsecured Card sourcing through SBI Bank employees	No
53	SBI, Holding Company	Service	2016-17	Unnati Card	No
54	SBI, Holding Company	Service	2016-17	CSP Program	No
55	GEC, Joint venturer	Service	Ongoing	ESOP	No

*Please refer to point 31 of Notes to Financial statements

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

Date: 09-08-2017

Place Mumbai

K. B. Bhatnagar
Chairman

Din 02011213

Annexure - 2

SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED

Related Party Transaction Policy

Secretarial Department – V03
31/01/2017

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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)

Audit Committee may also grant omnibus approval for related party transaction proposed to be entered into by the Company subject to fulfillment of the following conditions:

- a. The Audit Committee may approve related party transactions under omnibus route subject to fulfillment of the criteria laid in the Rule 6A of the Companies (Meetings of Board and its Powers) Rules 2015 read with Section 177(4) of the Companies Act, 2013 and such other criteria as the Committee may deem fit.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval for transactions for repetitive nature and that such approval is in the interest of the Company;
- c. transactions put up for omnibus approval shall specify/disclose (i) the name/s of the related party, nature of transaction, period of transaction, maximum value of transaction that can be entered into, aggregate value of such transactions, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other information as the Audit Committee may deem fit;

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 Crore per transaction.

Related Party Transaction Policy

d. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

e. omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

e1. Any other conditions as the Audit Committee may deem fit.

f. Audit Committee shall review on periodic basis, the details of related party transaction entered into by the Company pursuant to each of the omnibus approval given.

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;
- 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

Related Party Transaction Policy

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 shall be reviewed annually or at earlier intervals, if necessary. Consequent upon any changes in regulatory guidelines, such change shall be deemed to be a part of the policy until the policy is reviewed and approved next time.

The Policy on Related Party Transactions shall be amended or modified with approval of Audit Committee and 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 2016-17

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 2017:***

Following are the members of SBICPSL CSR Committee :-

- a) Mrs. Saraswathy Athmanathan
- b) Mr. Neeraj Vyas
- c) Mr. Ashish Sharma

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. 351,94,89,051/- as mentioned below :-

Financial Year	Net Profit (INR)
2013-14	309,71,29,309
2014-15	291,54,86,227
2015-16	454,58,51,617
Total for the last 3 years	1055,84,67,153
Average	351,94,89,051

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

The prescribed CSR expenditure for FY 2016-17 was Rs. 7,03,89,782 (2% of Rs 351,94,89,051)

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

- Total amount to be spent for the financial year : Rs. 7,03,89,782/-
- Amount unspent, if any : NIL
- Manner in which the amount is spent during the financial year :

S. No.	CSR Project or activity identified	Sector in which the project 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 Centers etc. across India	Promoting Education	Delhi, NCR, Mumbai, Bhopal, Bangalore, Patna, Dehradun, Darbhanga, Bhubaneswar	128,45,480	128,45,480	2,96,27,316 (FY15-16: 16,781,836 & FY16-17: 12,845,480)	Through Implementing Agency- Agastya International Foundation
2.	Educating & empowering underprivileged children- School support and Sponsoring 100 Girl child	Promoting Education	Gurgaon	20,06,250	14,06,250	26,37,950 (FY 15-16: 12,31,700 & FY 16- 17: 14,06,250)	Through Implementing Agency- 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	Gurgaon, Delhi and Chennai	151,68,598	63,72,390	85,99,140 (FY15-16: 22,26,750 FY16- 17: 63,72,390)	Through Implementing Agency- Smile Foundation
4	To provide support for stay and care of destitute, homeless elderly.	Old-age homes	Delhi	48,00,000	24,00,000	24,00,000	Through Implementing Agency-Saint Hardiyal Education and Orphan Welfare Society
5	To provide support to Govt. school by setting up the computer lab and equipment.	Education	Delhi	20,72,118	20,72,118	20,72,118	Through Implementing Agency-United Way Delhi


6	To provide support for mobile primary eye screening van for the underprivileged	Health	Gurgaon, Manesar and Sohna	29,98,837	29,98,837	29,98,837	Through Implementing Agency- Arunodaya Charitable Trust
7	Supporting the skill development in underprivileged youth	Skill development	NCR	2,28,73,532	2,28,73,532	2,28,73,532	Through- NSDF- NSDC
8	Supporting the mid-day meals for govt. school	Health	Vrindavan, Jaipur	1,54,74,000	1,54,74,000	1,54,74,000	Through Implementing Agency- The Akshay Patra Foundation
9	Prime Minister National Relief Fund	Government approved fund	-	39,47,175	39,47,175	4,12,11,651 (FY16- 17: 39,47,175) (FY 15- 16: 24,26,4476 & (FY 14-15: 1,30,00,000)	PM relief fund
	TOTAL				70,389,782		

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 2016-17.

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


Chairman
CSR Committee, SBICPSL


Chairman
SBICPSL

Corporate Social Responsibility Policy

SBI Cards & Payments Services Pvt. Ltd.

Corporate Social Responsibility Policy

9th August 2017

Policy owner: Internal Audit



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1. Corporate Philosophy

Corporate Social Responsibility (CSR) is the continuing commitment by business to contribute to the social and economic development while improving the quality of life of the local community and society at large. It is a process whereby companies integrate social, environmental and economic concerns with their business and interaction with their stakeholders on a voluntary basis.

At SBI Card we have worked on shortlisting initiatives and creating a program, that allows us to give back to the society and its lesser privileged citizens. The program that has been developed looks at impacting the society at different levels- children, young adults, adults and Senior Citizen. We have also kept a focus on women as an underlying principle during decision making.

2. CSR Vision & Mission

The company's mission is to be part of initiatives that work for the overall betterment of the 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 in the society. The vision of the company is to empower the community through education, skills and access to quality health and sanitation facilities.

3. Design Principles

Every good program needs well defined guiding principles that serve as directions to the working group. These principles are important to have a focus in our approach, decision & implementation of projects.

The principles as defined for our program are:

1. Alignment to national initiatives and Focus Areas
2. Initiatives where the impact created can be measured and reported
3. Identification of partners for implementation and areas with proven experience of impact and change
4. Adjacency of the initiative to the business, it's competencies, capabilities and geographies of operation.

The above principles are used to shortlist the areas of work and the projects. This would require the organization to create competencies and capacity within the company, to implement, where appropriate, the CSR programs.

4. Budget Outline

As per the new Companies Act 2013, each company is required to contribute 2 % of its annual profit (average of last 3 years) for CSR activities. The value for the current year will be calculated in the beginning of every financial year.

5. Role of the Board

The Board shall ensure that the company spends, in every financial year, at least two per cent of the average net profit of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. Additionally it will;

- a) Formulate a CSR Committee
- b) After taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose the contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and
- c) Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.
- d) Disclose reasons for not spending such amount, in its report under clause (o) of sub - section (3) of Section 134, of The Companies Act 2013.

The board shall approve the broad focus areas and the total budget amount for the financial year.

6. Role of the CSR Committee

A Corporate Social Responsibility Committee shall have following terms of reference and shall inter-alia, include the following:

- a) 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;
- b) To recommend to the board for approval of the broad focus areas and the total budget amount for the financial year.
- c) To monitor the CSR policy of the Company from time to time;
- d) 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.

7. Role of the CSR Core Working Group (CWG)

The CSR Core Working Group (CWG) will comprise the CEO, CFO and other members as may be appointed. A member of the group will be identified as the primary person responsible for monitoring CSR programs. Quorum of the Group shall be 3, CEO, Primary person responsible for monitoring CSR programs and any one of the other members.

- a. The CWG will present and take approval for broad focus areas of work and budgeted amount planned for the financial year from the Board / CSR Committee at the beginning of every financial year.
- b. The CWG will design and develop CSR programs aligned to the organization's objectives and focus areas as approved by the Board / CSR Committee.

Corporate Social Responsibility Policy

- c. To formulate, review and approve the amount of expenditure to be incurred on the activities to be undertaken by the company.

To review and approve the partners and agencies who may be engaged for the purposes of implementing the CSR programs and the amounts to be spent for each project. The disbursements of the funds for CSR activities shall be done in accordance with the Financial Delegation Policy of the Company.

- d. The CWG will execute & monitor the projects, and prepare an overview document for every project that it undertakes including and not limited to activity definition, expected impact areas, budgeted investments, expected benefits and success parameters.
- e. The CWG will be responsible for periodic reporting of the activities to the CSR Committee as per the reporting format mentioned outlined in Section 9. Apart from this, any format as desired by the CSR Committee or the Board would be furnished.
- f. The CWG will ensure adherence to the accounting guidelines and audit processes as per the guidelines laid down in the Companies Act and/or the Board

8. CSR Thematic Areas

The broad areas of work that can be considered for projects or programs are listed in the Schedule VII of the Company Act and outlined below.

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water; including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;

Corporate Social Responsibility Policy

7. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
10. Rural development projects.
11. Slum Development.

The activities that the company finalizes as area of future work need to be aligned to the above areas or any other area as allowed for by the law. The Company would not undertake any activity, which is **NOT** permitted under CSR. The company will abide by all the rules under CSR conveyed through various circulars issued by the Ministry of Corporate Affairs from time to time.

9. The Focus Areas

The following broad areas of work have been shortlisted:

1. **Livelihood and Skill Enhancement** – This area looks at working in urban and semi-urban areas to identify skills and techniques that can be taught to different sets of the semi-skilled and unskilled population to help them in generating a stable income.

The programs will be oriented towards self-employment enablement and employability, with a focus on young adults and women.

2. **Education** – In this area, the focus would be
 - a. **Within Formal Schooling Infrastructure** : Improving & enhancing the education infrastructure & processes including repairing or creating new facilities, making schools self-reliant for drinking water, sanitation and other facilities, supply of materials, enhancing the quality of teaching imparted via training / development of systems & processes.
 - b. **Informal Educational Initiatives**: Taking education and literacy programs to children with no access to formal schooling.
3. **Health and Sanitation**
 - a. Focus on interventions that aim at improving the health of underprivileged people including women and children across urban and rural areas.
 - b. Work along the guidelines by the government of India on creating safe and clean toilets and water supply in schools, slums and other areas.

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- c. Addressing the special needs of weaker sections of society including but not limited to street children and the elderly.
 - d. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, and making available safe drinking water;
4. **Old Age homes/orphanage and gender equality-** Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
5. **Government Funds and Initiatives –** A portion of the CSR budgets may be allocated to Government funds like Prime Minister Relief Fund, Clean Ganga Fund or Swachh Bharat Kosh or others as may be specified by the Companies Act.

Though CSR activities of the company shall be guided by the focus areas as mentioned above, the company may also engage in other CSR activities mentioned in Schedule VII of the section 135 of the Companies Act, 2013, after prior approval of the Board of Directors of the company.

Detailed program structure, activities and expected outcomes will be approved by the CSR Core Working Group (CWG) and reported to the Board/Committee. It is recognized that the identification and implementation across the focus areas would be gradually rolled out over a period of time.

10. Empanelment Process for Partners

The key steps for empanelment for a CSR partner would be as follows:

- a. Identification and Selection of Partners
- b. Detailed Proposals : A document outlining the nature of work and the key impact metrics, including delivery, monitoring and reporting frameworks
- c. Documentation : Submission and verification of documents
- d. Due Diligence: To establish the credibility and transparency of the Partner, verify the governance framework, financial accountability & eligibility, capacity to conduct the required programs and reporting norms.
- e. MOU / Agreement : Execution of MOU / Agreement including financial and payment terms

11. Implementation Process

The key implementation steps and processes have been summarized below

1. Develop a CSR Strategy – aligned with the CSR Policies of the company

Corporate Social Responsibility Policy

2. Operationalizing the institutional mechanism – CSR Committee & team identification and appointment
3. Clear identification of CSR Budget
4. Shortlist Implementing Agencies and conducting due diligence, if required
5. Identification, selection and approval of projects
6. Finalizing agreements with the implementing agencies
7. Project Implementation
8. Documentation,
9. Monitoring and Evaluation
10. Project impact assessment (if required, by an independent third party)
11. Preparation of reporting format and placement in public domain

The company can also undertake the approved CSR activities through any of the following agencies with the approval of the board:

- A company, established under section 8 of the Act A registered trust
- A registered society
- SBI Foundation

established

(a) by the company, either singly or along with any other company, or

(b) by the Central government or state Government or any entity established under an Act of Parliament or State legislature:

Provided that

- If company decides to undertake CSR activities through a Company established under section 8 of the Act or a registered trust or a registered society, other than those specified above, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects; and
- The company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

Detailed Standard Operating Procedure (SOP) has been prepared.

12. Reporting Template

The Board of Directors of the company shall, after taking into account the recommendations of the CSR Committee, approve the CSR policy for the company and disclose contents of such policy in its report & the same shall be displayed on the company's website, if any, as per the particulars mentioned below.

Corporate Social Responsibility Policy

The format for the annual report on CSR activities to be included in the Board's Report

1. A brief outline of the company CSR policy, including overview of the projects or program proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for the last 3 financial years.
4. Prescribed CSR Expenditure (2 (two) % of the amount as in item 3 above).
5. Details of the CSR spent during the financial year:
 - a. Total Amount to be spent for the financial year;
 - b. Amount unspent, if any;
 - c. Manner in which the amount is spent during the financial year. (Format below)

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects of programs (1) Local Area of others (2) Specify the state & District where the project or program was undertaken	Amount outlay (budget) project/ programs wise	Amount spent on the programs / project Subheads (1) Direct Expenditure on projects (2) Over heads	Cumulative spend up to the reporting period	Amount spent Direct or through Implementing agency*
1.							
2.							
3.							
	TOTAL						

*Give Details of Implementing Agency

6. In case the company is unable to spend the 2% of the average net profit for the previous 3 financial years or any part thereof, the company shall provide the reasons for the not spending the amount in the Board report.
7. A Responsibility statement of the CSR Committee that the implementation and the monitoring of the CSR Policy, is in compliance with the CSR objective and the Policy of the company.
8. The Report needs to be signed by
 - a. CEO /MD /Director
 - b. Chairman CSR Committee

13. Policy Review Mechanism

The CSR policy will be under the ownership of the CSR Committee and will be reviewed annually or earlier, if necessary.

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, 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 Policy shall be reviewed annually or at earlier intervals, if necessary. Consequent upon any changes in law/rules/regulation/regulatory guidelines etc., such changes shall be deemed to be a part of the policy until the policy is reviewed and approved next time.

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 the Policy.

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/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	Manish Dewan	Executive Vice President & Chief Sales Officer	NA	Full Time Employee (FTE)	13,803,471	BE Mechanical, MBA from IIM, 49 years	25	NA	1-Oct-11	GE Capital Business Process Management Services Private Limited
2	Aparna Kuppaswamy	Executive Vice President & Chief Risk Officer	NA	Full Time Employee (FTE)	17,060,767	BSc Chem (H)+ Master of Finance and control 45 years	21	NA	1-Apr-09	GE Money
3	Tarun Mehndiratta	Executive Vice President & Head - Branch Sales	NA	Full Time Employee (FTE)	11,536,712	BCOM(H)+ PGDM in Marketing Science from Institute of Marketing & Management 46 Years	20	NA	1-Jun-11	GE Capital Services India
4	Ugen Tashi Bhutia	Executive Vice President & Head - Legal	NA	Full Time Employee (FTE)	8,599,176	LLB 40 Years	15	NA	2-Jan-12	Lakshmi Kumaran and Sridharan (Law Firm)

5	Girish Budhiraja	Executive Vice President & Chief Product and Marketing Officer	NA	Full Time Employee (FTE)	14,508,839	B.Tech from Indian School of Mines, LLB from DU, PGDPM from IIM, Bangalore, 45 Years	22	NA	22-Oct-12	American Express
6	Rana Biswas	Sr Vice President & Head - SFE	NA	Full Time Employee (FTE)	7,055,567	BSC & Executive MBA-ISB, 47 Years	25	NA	1-Nov-06	Birla Sunlife Insurance
7	Rinku Sharma	Executive Vice President & Chief Compliance Officer	NA	Full Time Employee (FTE)	9,120,572	BSC (Hons) Chemistry, MBA (Marketing & Finance) 43 Years	22	NA	1-Nov-12	GE Capital
8	Ananddeep Singh	Sr Vice President - Taxation	NA	Full Time Employee (FTE)	6,314,657	CA, LLR, 37 years	15	NA	16-Feb-15	Cargill India Private Limited
9	Vinay Gupta	Sr Vice President - F&A	NA	Full Time Employee (FTE)	5,792,978	ACA, 37 Years	14	NA	11-Aug-06	Price Waterhouse

10	Deepak Goswami	Sr. Vice President - Controliership	NA	Full Time Employee (FTE)	5,865,076	B.Com from Kumaon University, Nainital CA:ICAI:2001, 41 Years	15	NA	19-Dec-11	Comviva Technologies Limited
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For and on behalf of the Board of Directors

A. Bhalla
CHAIRMAN

DIN: 02011213

Date: 09-08-2017

Place: Mumbai



Extract of Annual Return
{form (Form No. MGT 9)}

1. Registration and other details of Company

- i) CIN: U65999DL1998PTC093849
- ii) Registration Date: 15-05-1998
- iii) Name of the Company: SBI Cards and Payment Services Private Limited
- iv) Category / Sub-Category of the Company: Private Limited Company
- v) 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 : 0124-4589803
Fax Number : 0124-3987306
E-Mail Address : payalm.chhabra@sbicard.com
- vi) Whether listed company: No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:

Debentures:

Name of Registrar & Transfer Agents:	Zuari Investments Limited
Address	First Floor,5 Commercial Centre ,Jasola
Town / City :	New Delhi
State : Pin Code:	110025
Telephone :	91-11-46581300/41697900
With STD Area Code Number	011
Fax Number :	011-40638679
Email Address :	rta@adventz.zuarimoney.com

Equity Shares:

Name of Registrar & Transfer Agents:	Skyline Financial Services Private Limited
Address	4/A/9, Gundecha Onclave, Kherani Road, Sakinaka,
Town / City :	Mumbai
State : Pin Code:	400072
Telephone :	62215779
With STD Area Code Number	022
Fax Number :	-
Email Address :	Subhashdhingreha@skylinerta.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 and 66 Activities through credit cards	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%	Section 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	471,00,00,002	60%	471,000,000	2	471,00,00,002	60%	0
Sub-total (A) (1):-	471,000,000	2	471,00,00,002	60%	471,000,000	2	471,00,00,002	60%	0

(2) Foreign Bodies Corp. GE CAPITAL MAURITIUS OVERSEAS INVESTMENTS	314,000,000	-	314,000,000	40%	314,000,000	-	314,000,000	40%	0
Sub-total (A) (2):-	314,000,000	-	314,000,000	40%	314,000,000	-	314,000,000	40%	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	785,000,000	2	785,000,000	100%	785,000,000	2	785,000,000	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)	785,000,000	2	785,000,000	100%	785,000,000	2	785,000,000	100%	0

b. Shareholding of Promoters

S l N o.	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	471,00 0,002	60%	0	471,00 0,002	60%	0	0
2	GE CAPITAL MAURIT IUS OVERSE AS INVEST MENTS	314,00 0,000	40%	0	314,00 0,000	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. Indebtness

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

	Secured Loans excluding deposits (INR)	Unsecured Loans (INR)	Deposits (INR)	Total Indebtedness (INR)
Indebtedness at the beginning of the financial year				
i) Principal Amount	51,454,153,491	7,833,197,561	-	59,287,351,052
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	73,099,394	-	73,099,394
Total (i+ii+iii)	51,454,153,491	7,906,296,955	-	59,360,450,446
Change in Indebtedness during the financial year				
• Addition	345,743,609,362	28,675,442,699	-	374,419,052,061
• Reduction	325,580,586,290	25,573,289,177	-	351,153,875,467
Net Change	20,163,023,072	3,102,153,522	-	23,265,176,594
Indebtedness at the end of the financial year				
i) Principal Amount	71,617,176,564	10,862,312,942	-	82,479,489,506

ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	146,137,534	-	146,137,534
Total (i+ii+iii)	71,617,176,564	11,008,450,476	-	82,625,627,040

Note: Principal Amount is net of unamortised discount of Rs. 855,652,336 (Previous Year- Rs. 397,210,484) in secured loans & Rs. 37,687,058 (Previous Year- Rs. 66,802,439) in Unsecured loans

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	Total Amount
		Manager/CEO - Shri Vijay Jasuja
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	58,59,576
2.	Stock Option	0
3.	Sweat Equity	0
4.	Commission - as % of profit - others, specify...	0
5.	Others, please specify	0
	Total A	5859576
	Ceiling as per the Act	NA

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of Directors			Total Amount
	Non-Executive Director	Shri Ashwini Kr Sharma	Smt Saraswathy Athmanathan	Shri Percival Sam Billimoria	
1.	Sitting Fee	75,000	1,25,000	15,000	2,15,000
	Total				2,15,000
	Ceiling as per the Act	NA	NA		

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

Sl. no.	Particulars of Remuneration	Total Amount		
		Mr. Digmanu Gupta CFO (01-04-2016 - 09-09-2016)	Mr. Praveen Singh CFO (01-11-2016 to 31-03-2017)	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	2117922	1695801	3779543
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	2117922	1695801	3779543

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					

Date: 09-08-2017

Place: Mumbai

A. Bhattacharya

CHAIRMAN

DIN: 02011213





Gandhi Minocha & Co.
Chartered Accountants

B-6, Shakti Nagar Extension, Near Laxmi
Bai College, New Delhi - 110052 (INDIA)
Telephone: +91 98100 37334, 42273690
Telefax : +91-11-2730800, 27303070
E-mail : gandhica@yahoo.com

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, 2017, 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 the 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. 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, of the state of affairs of the Company as at March 31, 2017, and its Profit and its cash flows for the year ended on that date.

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 enclose 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 and sub 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 "36" 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.
 - iv. The company has provided requisite disclosures in the financial statement as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December 2016. However as stated in note no. "50" to the financial statements company's collection agencies and banks have received on behalf of the company amount aggregating to Rs. 1,143,821,203/- from transactions which are not permitted.

PLACE: DELHI
DATED : 27/04/2017

FOR GANDHI MINOCHA & CO
CHARTERED ACCOUNTANTS

FRN: 000458N



BHUPINDER SINGH
(PARTNER)

M.NO. 092867

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

- i)
- (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 twelve 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. 44,69,361/- and the year-end balance of such loans was Rs. 11,94,859/-. The Company has granted unsecured loans in form of credit cards, to 12 companies covered in the register maintained under section 189 of the Companies Act, 2013. The maximum amount outstanding during the year was Rs 12,40,33,472/- and the year-end balance of such loans was Rs 9,78,52,538/-.
- (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.

According to the information and explanation given to us, there are no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales-tax, Value added tax, Service tax, Employees' State Insurance and material statutory dues were in arrear as at 31 March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues in respect of Income Tax/Sales tax /Duty of Customs/Duty of Excise/Value Added Tax/Cess which have not been deposited on account of any dispute except the following:

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	18,724,731	F.Y. 2003-04 to 2006-07	Customs, Excise and Service tax appellate Tribunal
Service Tax	Service Tax demand on Incentive Income	4,792,871	F.Y. 2007-08 to 2008-09	Commissioner of Central Excise (Appeals)
Service Tax	Service Tax demand on Incentive Income	2,460,096	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	175,336,049	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	50,288,962	F.Y. 2000-11 to 2011-12	Customs, Excise and Service tax appellate Tribunal
Service Tax	Demand of Cenvat credit of Services tax availed on group medical insurance and group life insurances services	2,263,167	F.Y. 2008-09 to 2011-12	Commissioner of Central Excise (Appeals)
	TOTAL	253,865,876		

Net of deposit of Rs. 12,32, 209/-.

Out of the above Rs. 1,964,565/- has been provided in books of accounts.

- 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 g 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, no fraud by the company or on the company by its officers & employees has been noticed or reported during the year. However, 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. 49,461,633/- (previous Year Rs. 41,534,035/-).
- 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.
- xiii) 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 8.10% unsecured Non-Convertible Debentures worth Rs. 200 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
DATED: 27/04/2017

FOR GANDHI MINOCHA & CO
CHARTERED ACCOUNTANTS

FRN:000458N


BHUPINDER SINGH
(PARTNER)
M.NO. 092867

**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 2016-17.

Annexure – I

Directions for the year 2016-17.

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 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 towards settlement during the current year amounts to Rs. 1,365,939,517 out of which 900,558,559 pertain to written off customers. Further, the company waives off/reverses some charges during the normal course of business towards the goodwill gesture etc. amounting to Rs. 844,669,741.
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, further the company has not received any asset as gift from Govt. or other authorities during the year.



Annexure –II

Sub-Directions under section 143(5) of Companies Act 2013 for the year 2016-17.

On the basis of the books of accounts of the Company, the reply to questions and /or information required is supplied as under:-

1.	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.	<p>There is no investment of the Company at the end of 31st March 2017, except 1001 shares amounting to Rs. 10010/- of SBI Foundation allotted on 16.01.2017. These shares are in physical form and amount is in agreement with amount shown in Company's books of accounts.</p> <p>In addition to this Investments in Mutual Funds are purchased/sold in demat form, and demat account shows only quantity. The same are in agreement with quantity as per other relevant data available for investment. Outstanding as on 31st March 2017 is NIL.</p>



**Annexure - “3” to the Auditors’ Report
(Refer 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 2017 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 2017, 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: 27/04/2017

FOR GANDHI MINOCHA & CO
CHARTERED ACCOUNTANTS

FRN: 000458N


BHUPINDER SINGH
(PARTNER)

M.NO. 092867



Gandhi Minocha & Co.
Chartered Accountants

B-6, Shakti Nagar Extension, Near Laxmi
Bai College, New Delhi - 110052 (INDIA)
Telephone: +91 98100 37334, 42273690
Telefax : +91-11-2730800, 27303070
E-mail : gandhica@yahoo.com

Compliance Certificate

We have conducted the audit of accounts of M/S SBI Cards & Payments Services Pvt. Ltd. for the year ended 31st March 2017 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
DATED: 27/04/2017

FOR GANDHI MINOCHA & CO
CHARTERED ACCOUNTANTS
FRN:000458N



BHUPINDER SINGH
(PARTNER)
M.NO. 092867



Gandhi Minocha & Co. **Chartered Accountants**

B-6, Shakti Nagar Extension, Near Laxmi
Bai College, New Delhi - 110052 (INDIA)
Telephone: +91 98100 37334, 42273690
Telefax : +91-11-2730800, 27303070
E-mail : gandhica@yahoo.com

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 143 of Companies Act, 2013 on the Accounts of SBI Cards & Payment Services Private Limited ("The Company") for the year ending 31st March 2017 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 2017.
3. The company is meeting the required net owned fund requirement as laid down in Master Direction - Non-Banking Financial Company Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
4. The Board Directors have passed the resolution not to accept public deposit during the year 1st April 2016 to 31st March 2017 as its board meeting held on 27th April 2016.
5. The company has not accepted any deposit during the year ended 31st March 2017.
6. 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 Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

7. The Capital Adequacy Ratio as at 31st March 2017 as disclosed in the notes to Accounts has been correctly arrived at 17.10% which is compliance with the minimum CRAR prescribed by the Reserve Bank of India: and
8. The Company is 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 2017.

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: 27/04/2017

FOR GANDHI MINOCHA & CO
CHARTERED ACCOUNTANTS
FRN:000458N


BHUPINDER SINGH
(PARTNER)
M.NO. 092867

List '1' of Annexure - I of Annexure "2" to Independent Auditors' Report

Sr. No.	Branch Name	Branch Address	City	State	District
1	Kolkata	3rd floor, Block A, Apeejay House, 15 Park Street, Kolkata - 700 016	Kolkata	West Bengal	Kolkata
2	Coimbatore	Door No.36/6 & 7, 1st floor, Ashirwadh Building, D.B. Road, R.S.Puram, Coimbatore 641002	Coimbatore	Tamil Nadu	Coimbatore
3	Chennai	#141, 10th Floor, TVH Agnitio Park, Chennai, 600096	Chennai	Tamil Nadu	Chennai
4	Gurgaon - Tower C	10th to 12th Floors, DLF Infinity Towers, Tower C, Block 2, Building 3, DLF Cyber City, Gurgaon 122002, Haryana	Gurgaon	Haryana	Gurgaon
5	Gurgaon-Tower B	2nd & 7 th Floor , DLF Infinity Towers, Tower B, Block 2, Building 3, DLF Cyber City, Gurgaon 122002, Haryana	Gurgaon	Haryana	Gurgaon
6	Delhi	Fourth Floor, Unit No. 401,402 Aggarwal Millennium Tower, E-1,2,3, Netaji Subhash Palace, Wazirpur, New Delhi-34	Delhi	Delhi	New Delhi
7	Ahmedabad	Corporate house, Ashram Road Ahmedabad – 380009	Ahmedabad	Gujarat	Ahmedabad
8	Cochin	5th Floor Arya Bhangy Pinnacle, 37/993 H, Sahodaran, Ayyappan Road, Elamkulam, Kochi 682035	Cochin	Kerala	Ernakulam
9	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	Mumbai	Maharashtra	Mumbai suburban
10	Pune	SKYVISTA, Lohegaon, Vinman Nagar, Pune – 411014	Pune	Maharashtra	Pune
11	Hyderabad	Unit Nos. 3C, 3D & 3E, 3rd Floor, Queens Plaza, 1-8-382, Queens Plaza, S.P. Road, Secunderabad-500003, Telangana	Hyderabad	Telangana	Hyderabad
12	Bangalore	Unit Nos. 1001 - 1002, 10th Floor, A Block, Embassy Heights, 13, Magrath Road, Ashok Nagar, Bengaluru, 560025 Karnataka	Bangalore	Karnataka	Bangalore Rural



SBI Cards And Payment Services Private Limited
Balance Sheet as at 31 March 2017
(Amounts in Indian Rupees)

	Note no.	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	7,850,000,020	7,850,000,020
Reserves and surplus	3	6,658,897,437	3,700,391,166
		14,508,897,457	11,550,391,186
Non-current liabilities			
Long-term borrowings	4	5,011,823,705	3,411,352,183
Long-term provisions	5	478,901,886	453,265,225
		5,490,725,591	3,864,617,408
Current liabilities			
Short-term borrowings	6	77,059,848,827	55,869,922,671
Trade payables	7		
a) total outstanding dues of micro enterprises and small enterprises		10,699,729	3,339,268
b) total outstanding dues of creditors other than micro enterprises and small enterprises		1,176,871,563	855,608,758
Other current liabilities	8	4,730,036,468	2,870,058,742
Short-term provisions	9	5,313,449,119	3,789,228,838
		88,290,905,706	63,388,158,277
		108,290,528,754	78,803,166,871
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	36,142,023	20,647,283
Deferred tax asset (net)	11	1,281,065,167	902,032,967
Long-term loans and advances	12	6,771,781,474	5,921,427,429
Non-current Investments	13	10,010	-
Other non-current assets	14	200,000	200,000
		8,089,198,674	6,844,307,679
Current assets			
Cash and bank balances	16	2,829,463,227	2,744,411,711
Short-term loans and advances	17	96,376,933,463	68,538,127,801
Other current assets	18	994,933,390	676,319,680
		100,201,330,080	71,958,859,192
		108,290,528,754	78,803,166,871

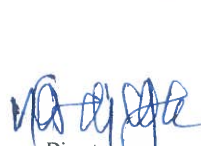
Significant accounting policies & Notes to accounts 1 to 50
The accompanying notes are an integral part of the financial statements


As per our report of even date attached.


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

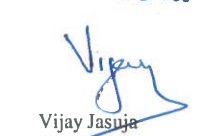

Bhupinder Singh
Partner
Membership No.: 092867


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


Director
DIN: 07052708


Director
DIN: 01659506


Company Secretary
Payal Mittal


Vijay Jasuja
Chief Executive Officer


Praveen Kumar Singh
Chief Financial Officer

Date: 27/04/2017
Place: New Delhi

Date: 27/04/2017
Place: New Delhi



SBI Cards And Payment Services Private Limited
Statement of Profit and Loss for the Year Ended 31 March 2017
(Amounts in Indian Rupees)

	Note no.	For the Year Ended 31st March 2017	For the Year Ended 31st March 2016
INCOME			
Revenue from operations	19	32,386,468,756	23,868,216,500
Other income	20	1,248,423,776	1,049,629,213
Total Income		33,634,892,532	24,917,845,713
EXPENDITURE			
Employee benefit expenses	21	1,011,383,217	791,693,262
Finance cost	22	5,215,845,249	4,303,224,785
Depreciation and Amortisation expenses		10,449,727	8,433,974
Operating and other expenses	23	17,869,779,694	12,707,547,020
CSR Expenses	24	70,389,782	46,402,762
Bad debts written off / Provision for doubtful debt	25	3,472,459,611	2,678,739,260
Total expenses		27,650,307,280	20,536,041,063
Profit before tax		5,984,585,252	4,381,804,650
Tax expense			
Current tax charge / (credit)		2,322,568,663	1,027,841,857
Current tax charge / (credit) - previous year		(11,255,186)	7,709,692
MAT Credit		178,058,994	430,969,299
MAT previous year		(29,832,865)	(14,555,296)
Deferred tax charge / (credit)		(420,106,379)	87,861,060
Deferred tax charge / (credit) - previous year		41,074,181	2,971,089
		2,080,507,408	1,542,797,701
Profit after tax		3,904,077,844	2,839,006,949
Earnings per equity share			
	33		
Basic and diluted earning per share		4.97	3.62
Face Value per equity share		10.00	10.00


Significant accounting policies & Notes to accounts 1 to 50
The accompanying notes are an integral part of the financial statements


As per our report of even date attached.

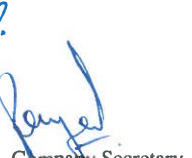
For Gandhi Minocha & Co.
Chartered Accountants
Firm Registration No.: 000458N



Bhupinder Singh
Partner
Membership No.: 092867


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

 Director
DIN: 07053788

 Director
DIN: 01659506

 Company Secretary
Payal Mittal

 Vijay Jasuja
Chief Executive Officer

 Praveen Kumar Singh
Chief Financial Officer

Date: 27/04/2017
Place: New Delhi

Date: 27/04/2017
Place: New Delhi



SBI Cards And Payment Services Private Limited
Cash Flow Statement for the Year ended 31 March 2017
(Amounts in Indian Rupees)

	For the Year Ended 31st March 2017	For the Year Ended 31st March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	5,984,585,252	4,381,804,650
Adjustments for :		
Depreciation	10,449,727	8,433,974
(Profit)/ Loss on sale of assets (net)	(93,945)	(189,846)
Employees stock options	(764,041)	(79,400)
Liabilities written back	(21,742,653)	(43,820,881)
Bad debts written off / provision for doubtful debts	3,472,459,611	2,678,739,261
Interest Income on Fixed deposit	(59,095)	-
Provision for doubtful advances	(6,220,988)	476,139
Unamortised membership fees	440,489,681	249,448,624
Profit on sale of Investment	(4,337,850)	(5,242,121)
Debenture issue expenses expensed off during the year	7,587,712	1,188,727
Amortisation of Interest on commercial papers	4,662,368,529	3,904,897,638
Lease equalization reserve	918,784	(97,004)
Commercial Paper Issuing Cost	50,686,575	40,052,070
Interest on debentures	396,327,318	236,576,927
Interest on Cash Credit	156,738,406	161,750,220
Unrealised foreign exchange (Gain)/loss (net)	(3,830,105)	3,972,403
	<u>9,160,977,666</u>	<u>7,236,106,731</u>
Operating profit before working capital changes	<u>15,145,562,918</u>	<u>11,617,911,381</u>
Adjustment for changes in working capital		
(Increase)/ decrease in long and short-term loans and advances	(32,251,442,076)	(19,323,412,545)
(Increase)/ decrease in other current assets	(318,613,711)	(333,602,763)
Increase/ (decrease) in Trade Payables	328,623,267	(46,146,051)
Increase/ (decrease) in Other Current Liabilities	569,363,103	313,331,085
Increase/ (decrease) in long & short-term provisions	1,483,298,620	1,457,147,243
	<u>(30,188,770,797)</u>	<u>(17,932,683,031)</u>
Cash from/ (used) in operations	<u>(15,043,207,879)</u>	<u>(6,314,771,650)</u>
Finance Cost Paid:		
- Interest on Cash Credit	(156,738,406)	(161,750,220)
- Commercial Paper Issuing Cost	(50,686,575)	(40,052,070)
- Interest paid on debentures	(323,289,177)	(226,684,931)
- Interest paid on commercial papers	(4,492,253,250)	(3,975,808,250)
	<u>(5,022,967,408)</u>	<u>(4,404,295,471)</u>
Cash generated from operating activities before taxes	<u>(20,066,175,287)</u>	<u>(10,719,067,121)</u>
Direct taxes paid (net of refunds)	(2,304,466,155)	(863,035,923)
Net cash generated/ (used) in operating activities	<u>(22,370,641,442)</u>	<u>(11,582,103,044)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (except assets taken on lease)	(15,439,965)	(469,342)
Investment purchased	(12,700,010,010)	(9,670,000,000)
Investment sold	12,704,337,849	9,675,242,122
Sale of assets	2,630,851	1,689,149
Net cash from investing activities	<u>(8,481,275)</u>	<u>6,461,929</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Cash credit raised/ (repaid) during the year	(26,380,747,374)	10,850,639,640
Finance Lease paid during the year	(10,829,111)	(9,818,862)
Debentures issued/(repaid) during the year	2,000,000,000	1,000,000,000
Commercial Papers raised/(repaid) during the year	47,400,558,250	509,612,000
Interim dividend paid	(785,000,002)	(785,000,002)
Tax on dividend	(159,807,530)	(159,807,530)
Net cash from/ (used) in financing activities	<u>22,464,174,233</u>	<u>11,405,625,246</u>
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	<u>85,051,516</u>	<u>(170,015,869)</u>
Cash and bank balances as at the beginning of the year	2,744,411,711	2,914,427,580
Cash and bank balances as at the end of the year	<u>2,829,463,227</u>	<u>2,744,411,711</u>
	<u>85,051,516</u>	<u>(170,015,869)</u>



Handwritten signatures and initials in blue ink, including '92', '97', 'by', and 'for'.

SBI Cards And Payment Services Private Limited
Cash Flow Statement for the Year ended 31 March 2017
(Amounts in Indian Rupees)

	For the Year Ended 31st March 2017	For the Year Ended 31st March 2016
--	---------------------------------------	---------------------------------------

Note:

1. The Cash Flow Statement has been prepared in accordance with the 'Indirect Method' specified in Accounting Standard 3, Cash Flow Statement, as per Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

2. Cash and cash equivalents include:

	Amount (In Rs.)
Cash in hand	-
Balance with Scheduled banks on	
- Current accounts	73,028,189
- Funds in transit (Lying in nodal account of intermediatory/payment gateway aggregator)	1,674,190,445
- Deposit accounts	-
Cash and cash equivalents at the end of the year	1,747,218,634
Add : Earmarked balances with bank	1,082,244,593
Cash and bank balances at the end of the year	2,829,463,227

As per our report of even date attached.

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



Praninder Singh
Partner
Membership No.: 093867

Date: 27/04/2017
Place: New Delhi

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

Narappa
Director
DIN: 01653703

Vijay
Vijay Vasuja
Chief Executive Officer

Date: 27/04/2017
Place: New Delhi

Ashwini
Director
DIN: 01659506

Payal Mittal
Company Secretary
Payal Mittal

Praveen Kumar Singh
Chief Financial Officer

Praveen Kumar Singh

Praveen Kumar Singh

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.



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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

(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.
- 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.



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

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

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
Leasehold Improvement	7
Computer Server	6

Improvements of leasehold property 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.



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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

j. Investments

Investments which are made for very short term are classified as Current Investment and 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 sale. Investments which are made for long term are classified as Non-current Investments and are valued at cost.

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



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Notes forming part of the financial statements

Significant accounting policies and notes to accounts

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, 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.



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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

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.

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 cash, gift vouchers and retail merchandise. 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.



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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

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.

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 2017	As at 31 March 2016
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 2017	As at 31 March 2016
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%



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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

c) **Reconciliation between opening and closing share capital**

	As at 31 March 2017	As at 31 March 2016
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.

3. **Reserve and Surplus**

	As at 31 March 2017	As at 31 March 2016
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	4,899,968	4,979,368
Add: Share based Employee compensation cost for the year	-	-
Less: Utilized During the year	764,041	79,400
At the end of the year	4,135,927	4,899,968
Statutory reserve under Section 45-IC of the Reserve Bank of India Act, 1934 (Refer to note 36)		
Opening balance	2,422,939,460	1,855,138,070
Add: Transferred from Profit and Loss Account @ 20%	780,815,569	567,801,390
At the end of the year	3,203,755,029	2,422,939,460
(Deficit)/ surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	1,224,890,720	(101,507,307)
Add/ (less): Profit/ (loss) for the year	3,904,077,844	2,839,006,949
Less: Appropriations		
Transfer to Statutory Reserves during the year	(780,815,569)	(567,801,390)
Interim equity dividend (Current year Rs. 1 per share (previous year Rs. 1 per share)	(785,000,002)	(785,000,002)
Tax on Interim equity dividend	(159,807,530)	(159,807,530)
Balance at the end of the year	3,403,345,463	1,224,890,720
Total	6,658,897,437	3,700,391,166



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SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED
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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.

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 2017 amounts to Rs. (1,898,046) (Previous year Rs. 617,360).

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 settleable in cash, it has only issued RSUs settleable in shares of General Electric Company, USA.

Following stock options were granted during the year ended 31 March 2017.

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



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

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 (\$)	-

A summary of activity under the Option plan for the year ended 31 March 2017 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	22,040	20.17	5.31	-	-	-
Granted during the year	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	2,850	18.27	-	-	-	-
Deletion: Transferred to other GE companies	8,040	-	-	-	-	-
Addition: Transferred from other GE companies	-	-	-	-	-	-
Lapsed during the year	-	-	-	-	-	-
Outstanding at the end of the year	11,150	21.81	5.22	-	-	-
Exercisable at the end of the year	8,650	20.83	4.70	-	-	-

* 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 2016.



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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

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 (\$)	-

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.



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

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

4. Long term borrowings

	As at 31 March 2017	As at 31 March 2016
Debentures		
9.85% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in March, 2019)	500,000,000	500,000,000
9.50% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in September, 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
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	1,000,000,000
8.10% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in October, 2023)	2,000,000,000	-
	5,000,000,000	3,400,000,000
Finance lease obligation (secured by way of hypothecation of vehicles taken on finance lease) (Refer to note 32)	11,823,705	11,352,183
Total	5,011,823,705	3,411,352,183

5. Long-term provisions

	As at 31 March 2017	As at 31 March 2016
Provision for employee benefits		
Compensated absences (Refer to Note 41)	27,025,108	15,493,613
Long Service Awards (Refer to Note 42)	6,618,445	3,381,547
Employee Stock option Outstanding (Refer to Note 3)	127,797	2,052,884
	33,771,350	20,928,044
Provision for reward points redemption (Refer to Note 27)	415,016,220	406,200,617
Provision on Standard assets [Refer to Note 1(e)]	25,878,713	21,900,960
Provision for other taxes	4,235,604	4,235,604
	445,130,536	432,337,181
Total	478,901,886	453,265,225



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

6. Short-term borrowings

	As at 31 March 2017	As at 31 March 2016
Secured working capital loans		
'From banks (Related Parties) ^{1,2}	1,953,188,220	28,333,935,594
Secured Commercial papers-From Bank(Related Parties) ^{1,2}		
Face Value	70,500,000,000	
Less: Unexpired Discount	<u>855,652,335</u>	
	69,644,347,665	23,102,789,516
Unsecured Commercial papers from other ²		
Face Value	5,500,000,000	
Less: Unexpired Discount	<u>37,687,058</u>	
	5,462,312,942	4,433,197,561
Total	77,059,848,827	55,869,922,671

¹Secured by:

- a) Primary Security - First Charge over the entire Current Assets of the Company (present & future),
- b) 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 @ 8.90% p.a. and for commercial paper ranges from 6.60% to 8.50%. p.a.

7. Trade Payables

	As at 31 March 2017	As at 31 March 2016
Sundry Creditors		
a) total outstanding dues of micro enterprises and small enterprises	10,699,729	3,339,268
b) total outstanding dues of creditors other than micro enterprises and small enterprises	597,779,546	372,948,943
	608,479,275	376,288,211
Sundry Creditors - Payable to related party (Refer to Note 31)	579,092,017	482,659,815
Total	1,187,571,292	858,948,026

*Refer Note No. 35 for disclosure of Micro, Small & Medium Enterprise as per MSMED Act 2006.



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Notes forming part of the financial statements

Significant accounting policies and notes to accounts

8. Other current liabilities

	As at 31 March 2017	As at 31 March 2016
Interest accrued but not due on debentures	146,137,534	73,099,394
Finance lease obligation (secured by way of hypothecation of vehicles taken on finance lease) (Refer to Note 32)	7,816,974	6,076,199
9.95% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in January, 2018)	400,000,000	-
Unamortised membership fees	1,281,731,361	841,241,680
Other liabilities*	2,740,202,061	1,854,000,542
Statutory liabilities	152,365,793	95,640,927
Payable for Capital expenditure	1,782,745	-
Total	4,730,036,468	2,870,058,742

* Includes Rs. 1,871,328,558/- (Previous Year Rs. 1,199,947,224/-) payable to Network Partners.

9. Short-term provisions

	As at 31 March 2017	As at 31 March 2016
Provision for employee benefits		
Gratuity (Refer to Note 40)	31,987,063	3,457,738
Compensated absences (Refer to Note 41)	7,691,262	7,693,915
Long Service Awards (Refer to Note 42)	1,823,444	1,324,168
Employee Stock option Outstanding (Refer to Note 3)	1,199,951	408,869
Bonus & Incentive Payable	90,184,109	67,963,138
	132,885,829	80,847,828
Provision for reward points redemption (Refer to Note 27)	1,885,559,384	1,126,088,290
Provision on Standard assets [Refer to Note 1(e)]	378,452,080	268,069,769
Provision for doubtful debts	435,878,085	369,319,764
Provision for expenses	1,472,851,516	934,799,798
Provision for expenses - Related Party (Refer to Note 31)	63,014,693	65,295,857
Interim equity dividend	785,000,002	785,000,002
Provision for tax on interim equity dividend	159,807,530	159,807,530
	5,180,563,290	3,708,381,010
Total	5,313,449,119	3,789,228,838



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

10. Tangible assets

Description	Cost			Depreciation			Net Block	
	As at 1 April 2016	Additions	Deletions/ adjustments	As at 31 March 2017	For the year	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Furniture and fixtures	1,907,119	984,148	-	2,891,267	248,582	564,893	2,326,374	1,590,808
Vehicles on Finance Lease	50,939,394	13,041,408	30,399,918	33,580,884	8,700,195	14,017,284	19,563,600	17,658,232
Office equipment	1,476,123	131,638	82,350	1,525,411	118,278	1,355,042	170,369	194,482
Owned Vehicles	1,354,581	-	-	1,354,581	169,323	465,638	888,943	1,058,266
Leasehold improvements	-	14,123,478	-	14,123,478	1,131,168	1,131,168	12,992,310	-
Computer	283,025	200,701	78,937	404,789	82,181	204,362	200,427	145,495
Total	55,960,242	28,481,373	30,561,205	53,880,410	10,449,727	17,738,387	36,142,023	20,647,283
Previous year	61,839,505	14,407,721	20,286,984	55,960,242	8,433,974	35,312,959	20,647,283	16,172,835

Dr. Jyoti



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

11. 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 2017 is as follows:

Particulars	As at 31 March 2017	As at 31 March 2016
Deferred tax assets		
Provision for doubtful debts	292,707,238	232,247,963
Staff benefits & Stat. Dues	16,162,099	35,156,591
Provision for Expenses	531,532,668	346,113,103
Membership Fees & Subvention	443,581,589	291,136,921
Depreciation net of Lease Adjustment	900,445	545,392
Total deferred tax assets	1,284,884,039	905,199,970
Deferred tax liabilities:		
Debt issue expenses	3,818,872	3,167,003
Total deferred tax liabilities	3,818,872	3,167,003
Net deferred tax asset	1,281,065,167	902,032,967

12. Long-term loans and advances

	As at 31 March 2017	As at 31 March 2016
Security deposits		
Unsecured, considered good	24,511,302	13,521,925
Unsecured, considered doubtful	-	100,000
	24,511,302	13,621,925
Less: Provision for doubtful security deposits	-	(100,000)
	24,511,302	13,521,925
Loans and advances to customers		
Secured Considered good (Secured by Lien on Fixed deposits & financial guarantee)	122,111,536	126,896,570
Unsecured, considered good	6,347,566,634	5,348,343,481
	6,469,678,170	5,475,240,051
Other loans and advances		
Advance tax including tax deducted at source	277,592,002	284,439,324
MAT credit receivable	-	148,226,129
	277,592,002	432,665,453
Total	6,771,781,474	5,921,427,429



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

13. Non-Current Investment

	As at 31 March 2017	As at 31 March 2016
Unquoted Equity Shares		
Investment in SBI Foundation (1,001 equity shares of Rs.10 each)	10,010	-
Total	10,010	-

14. Other non-current assets

	As at 31 March 2017	As at 31 March 2016
Fixed Deposits with maturity greater than 12 months (under Lien for guarantees issued to Tax Authorities)	200,000	200,000
Total	200,000	200,000

15. Current Investment

During the year ending 31st March, 2017, 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 Liquid Fund - Direct Plan - Growth	2,817,957	4,950,000,000	4,952,227,804
HDFC Liquid Fund - Direct Plan - Growth	1,075,733	3,300,000,000	3,301,059,022
ICICI Liquid Fund - Direct Plan - Growth	12,789,601	2,970,000,000	2,970,765,067
SBI Premier Liquid Fund - Direct Plan - Growth	590,032	1,480,000,000	1,480,285,957
Total	17,273,323	12,700,000,000	12,704,337,850

The details of units purchased and sold during the previous year ending 31st March, 2016 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



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. Cash and bank balances

	As at 31 March 2017	As at 31 March 2016
Cash and cash equivalents		
Balance with banks in Current accounts* :	73,028,189	134,098,369
Funds in transit (Lying in nodal account of intermediatery/payment gateway aggregator)	1,674,190,445	1,537,303,189
	1,747,218,634	1,671,401,558
Other bank balances		
Earmarked balances with bank	1,082,244,593	1,073,010,153
Total	2,829,463,227	2,744,411,711

* It includes balance with related parties (Refer note no. 31).

17. Short-term loans and advances

	As at 31 March 2017	As at 31 March 2016
Loans & advances to Customers		
Secured Considered good (Secured by Lien on Fixed deposits & financial gurantee)	2,694,559,384	1,679,066,514
Unsecured, considered good	91,918,460,665	65,338,375,761
Unsecured, considered doubtful	1,677,475,055	1,464,543,104
	96,290,495,104	68,481,985,379
Other Advances		
To Vendors (Unsecured, considered good)	23,842,890	10,962,467
To Vendors (Unsecured, considered doubtful)	50,224	1,126,016
Prepaid expenses	62,595,469	45,179,955
	86,488,583	57,268,438
Less: Provision for doubtful advances	(50,224)	(1,126,016)
Total	96,376,933,463	68,538,127,801

18. Other current assets

	As at 31 March 2017	As at 31 March 2016
Unsecured considered good, unless otherwise stated		
Other receivable	934,703,772	611,750,028
Service tax recoverable*	60,229,618	64,569,652
Other receivable, considered doubtful	5,520,019	10,565,215
	1,000,453,409	686,884,895
Less: Provision for doubtful advances	(5,520,019)	(10,565,215)
Total	994,933,390	676,319,680

*Service tax recoverable includes: - Pre-deposit for Appeal Rs 1,232,209 (Previous year Rs 1,180,650)



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

19. Revenue from Operations

	For the Year Ended 31st March 2017	For the Year Ended 31 March 2016
Income from membership fees and services	13,183,114,967	9,339,572,989
Interest income	17,677,193,873	13,803,497,598
Service Charges	535,339,138	221,870,826
Business development incentive income	990,820,778	503,275,087
Total	32,386,468,756	23,868,216,500

20. Other income

	For the Year Ended 31st March 2017	For the Year Ended 31 March 2016
Profit on sale of Investment	4,337,850	5,242,121
Bad Debts Recovered	1,218,360,128	957,383,808
Profit on sale of fixed assets	93,945	189,846
Gain/(Loss) on exchange fluctuation	3,830,105	(3,972,403)
Interest Income -Income tax & Service tax refund and FD Interest	59,095	46,964,960
Liabilities / Provision written back	21,742,653	43,820,881
Total	1,248,423,776	1,049,629,213

21. Employee benefit expenses

	For the Year Ended 31st March 2017	For the Year Ended 31 March 2016
Salaries and other allowances	868,028,694	710,614,977
Employee stock option expense (Refer to Note 3)	(1,898,046)	617,360
Staff welfare expenses	78,240,524	37,170,642
Contribution to provident fund	34,654,344	30,124,767
Contribution to other funds	32,357,701	13,165,516
Total	1,011,383,217	791,693,262

*Employee benefit expenses includes year end provision for FY 2016-2017 amounting to Rs. 166,657,179 and reversal of year end provision for FY 2015-2016 amounting to Rs. 101,775,872 at an aggregate level.

22. Finance cost

	For the Year Ended 31st March 2017	For the Year Ended 31 March 2016
Interest on Debentures	396,327,318	236,576,927
Interest on Working Capital loans (Secured)	156,738,406	161,741,071
Discounting charges on Commercial papers (Secured)	4,275,613,149	3,623,373,077
Discounting charges on Commercial papers (Unsecured)	386,755,380	281,524,561
Other Interest	410,996	9,149
Total	5,215,845,249	4,303,224,785

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

23. Operating and other expenses*

	For the Year Ended 31st March 2017	For the Year Ended 31 March 2016
Consumption of plastic cards	193,411,095	171,877,262
Rent and hire charges	68,394,927	60,272,435
Travelling and conveyance	94,528,564	75,798,579
Cash advance service charges	17,653,880	8,097,150
Telephone, fax and postage	279,777,519	222,374,591
VISA / Master Card transaction charges	1,358,935,120	975,158,817
Advertisement	264,796,874	248,747,389
Sales Promotion	6,400,037,924	3,622,628,256
Insurance expense	15,525,426	15,289,425
Professional & Consulting fees	459,325,105	344,447,650
Processing Charges	4,620,620,353	3,910,782,737
Rates and taxes	7,918,669	11,137,925
Collection & Recovery charges	1,039,846,986	861,075,219
Repairs and maintenance-others	48,357,919	39,630,683
Auditor's remuneration (Refer to Note 26)	3,455,000	3,455,000
Power and fuel	25,152,852	23,891,123
Printing, stationery and office supplies	196,439,506	135,910,317
Royalty Expenses	78,081,557	56,780,139
Reward points redemption	2,250,423,386	1,580,537,283
Surcharge Waiver to Customer	360,578,222	272,011,342
Bank & Borrowing related charges	67,377,948	54,831,331
Other Advances written off / provision for doubtful advances	15,208,627	3,406,643
Other Expenses	3,932,235	9,405,724
Total	17,869,779,694	12,707,547,020

* Operating & other expenses includes year end provision for FY 2016-17 amounting to Rs. 3,836,441,813 (includes Rs 2,300,575,604 for Reward redemption & Rs 1,535,866,209 for Other Operating expense) and reversal of year end provision for FY 2015-16 amounting to Rs 2,532,384,561 (includes Rs 1,532,288,907 for Reward redemption & Rs. 1,000,095,655 for Other Operating expense).



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

24. Pursuant to section 135 of the Companies Act, 2013 the company has incurred expenditure in respect of corporate social responsibility as follows:

(a) Gross amount required to be spent by the company during the year: - Rs 70,389,782 (Previous year 46,402,762).

(b) Amount spent during the year on:

Particulars	31-Mar-17		31-Mar-16	
	In Cash	Yet to be paid in cash	In Cash	Yet to be paid in cash
(i) Construction/Acquisition of Assets	-	-	-	-
(ii) On purpose other than (i) above	70,389,782	-	46,402,762	-
Total	70,389,782	-	46,402,762	-

25. **Bad debts written off/Provision for doubtful debts**

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Bad debts written off	3,291,541,226	2,522,491,965
Provision for standand assets	114,360,064	57,772,046
Provision for restructured standard assets	(44,345,101)	(8,339,199)
Provision for doubtful advances	93,136,311	107,370,139
Provision for fraud movement	17,767,111	(555,691)
	3,472,459,611	2,678,739,260

26. **Auditors' remuneration (excluding service tax)**

Professional fee includes auditors' remuneration as follows:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Audit fees	2,200,000	2,200,000
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	3,455,000



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

27. 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 2017	Year ended 31 March 2016
a. Provision at the beginning of the year*	1,532,288,907	932,981,912
b. Additions made during the year	2,247,006,455	1,336,373,391
c. Interest Cost for the period	68,406,752	45,597,295
d. Amount redeemed/Paid during the year	(1,482,136,689)	(981,230,089)
e. Amounts lapsed during the year	(533,453,496)	(441,401,574)
f. Actuarial Gain / (Loss)	437,553,374	559,319,293
g. Movement on account of unpaid vendor liability	30,910,301	80,648,679
h. Provision at the end of the year* (a+b+c+d+e+f+g)	2,300,575,604	1,532,288,907

* Provision for reward points as at 31 March 2017 of Rs. 2,300,575,604 (previous year Rs. 1,532,288,907) includes provision as per actuarial valuation of Rs. 2,143,415,472 (previous year Rs. 1,406,039,075) and provision for unpaid claims of Rs. 157,160,132 (previous year Rs. 126,249,831)

Legal Claims:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
a. Provision at the beginning of the year	2,656,037	1,591,695
b. Additions / (Reduction) made during the year	(1,009,011)	2,091,505
c. Amount Paid during the year	461,401	1,027,163
d. Provision at the end of the year (a+b-c)	1,185,625	2,656,037

28. **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.



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. Income and expenditure in foreign currency

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Expenditure in foreign currency (on accrual basis)		
Network and other service charges	939,501,367	704,983,769
Others	46,936,095	65,270,975
Income in foreign currency (on accrual basis)		
Business development incentive & Interchange income	1,041,003,974	529,347,672

30. Dividend to be remitted in foreign currency

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
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 2016-17	FY 2015-16
Number of non-resident shareholders	1	1
Amount to be remitted	314,000,000	314,000,000

31. 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

- 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



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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

- 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
- SBI Infra Management Solutions Private Limited
- State Bank of India (Canada)
- State Bank of India (California)
- SBI (Mauritius) Ltd
- PT Bank SBI Indonesia
- Bank SBI Botswana Ltd
- SBICAP (UK) Ltd
- Commercial Indo Bank Llc , Moscow
- Nepal SBI Bank Ltd.
- Nepal S.B.I Merchant Banking Public Limited
- SBICAP (Singapore) Ltd
- C - Edge Technologies Ltd
- 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
- Jio Payments Bank Ltd
- SBI Foundation (Not for profit Company)



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

v. *Entity under common significant influence*

- GE Capital Business Process Management Services Private Limited
- GE India Industrial Private Limited
- Wipro GE Healthcare Private Limited

vi. *Key management personnel*

- Mr. Vijay Jasuja, Chief Executive Officer
- Mr Digmanu Gupta, Chief Financial Officer (Till 9-Sep-2016)
- Mr. Praveen Kumar Singh, Chief Financial Officer (From 1-November-2016)
- Ms. Payal Mittal, Company Secretary



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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

a. Transactions/balances outstanding with related parties Year ended 31 March 2017

Particulars	Holding Entity	Joint Venturer	Fellow Subsidiaries and entities	Entity under common significant influence	Key Management Personnel
	2016-17	2016-17	2016-17	2016-17	2016-17
a. Transactions during the year					
Advertisement and sales promotion (incentives)	348,702,080	-	14,790,363	-	-
Cost allocations received*	33,878,635	1,158,594	1,261,875	85,091,499	-
Processing charges paid	-	-	-	4,620,620,353	-
Cost allocations made*	-	10,305,000	-	6,262,368	-
Bank charges, fees & Commission Paid	30,613,219	-	509,498	-	-
Commission Received	-	-	122,329	-	-
Personnel Cost (Managerial remuneration)	-	-	-	-	13,452,843
Interest Income on fixed deposit	59,095	-	-	-	-
Finance charges	4,432,351,555	-	-	-	-
Borrowings made	341,508,281,623	-	-	-	-
Borrowings repaid	325,572,728,459	-	-	-	-
Income on investments	-	-	285,957	-	-
Investments made	-	-	1,480,010,010	-	-
Investments repaid	-	-	1,480,000,000	-	-
Dividend Paid	471,000,002	314,000,000	-	-	-
Fixed Deposit made	200,000	-	-	-	-
Fixed deposit matured	200,000	-	-	-	-
Royalty expenses	78,081,557	-	-	-	-
Loans & Advances given and other adjustments	37,238,654	-	20,379,083	1,174,179,476	1,902,322
Loans & Advances Repaid	39,711,908	-	20,296,734	1,155,550,052	1,882,014



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	145,765,507	2,607,109	5,234,648	489,827,193	-
Dividend Payable	471,000,002	314,000,000	-	-	-
Borrowings	71,597,535,885	-	-	-	-
Cash & Bank Balances/(Book overdraft)**	1,383,746,082	-	15,737,863	-	-
Loans & Advances***	1,621,637	-	1,306,043	94,924,858	81,781
Other non current assets	200,000	-	-	-	-
Investments	-	-	10,010	-	-
Other Recoverable	-	-	684,499	-	-

* 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 2017.

*** These amounts represent year-end balances outstanding as at 31 March 2017 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

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

Particulars	Holding Entity	Joint Venturer	Fellow Subsidiaries and entities (Note 1)	Entity under common significant	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
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	-	-
Dividend Paid	235,500,001	157,000,000	-	-	-
Interest Income on fixed deposit	-	-	-	-	-
Fixed Deposit made	-	-	-	-	-
Fixed deposit matured	-	-	-	-	-
Royalty expenses	56,780,139	-	-	-	-
Loans & Advances given and other adjustments	44,045,544	-	19,710,906	37,865,068	607,859
Loans & Advances Repaid	40,605,924	-	20,811,655	36,980,222	707,565

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	-
Dividend Payable	471,000,002	314,000,000	-	-	-
Borrowings	51,436,725,110	-	-	-	-
Cash & Bank Balances/(Book overdraft)**	1,521,958,577	-	19,302,320	-	-
Loans & Advances***	4,094,891	-	1,223,694	3,299,206	45,694
Other non current assets	200,000	-	-	-	-
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

Annexure I to Note 31

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

a. Transactions during the year		
Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Investments made		
SBI Funds Management Pvt Limited	1,480,000,000	7,970,000,000
Investments repaid		
SBI Funds Management Pvt Limited	1,480,000,000	7,970,000,000
Loans & Advances given		
Others	-	19,710,906
Loans & Advances Repaid		
Others	-	20,811,655

b. Balances Outstanding at Year End		
Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Loans and Advances		
Others	1,306,043	1,223,694
Investment		
SBI Foundation	10,010	-

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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

32. Finance lease obligations

The Company has acquired vehicles on finance lease during current and earlier years. The term for lease is between 3-5 years with monthly equated instalments beginning from the month subsequent to the commencement of the lease. The present value of total minimum lease payment liability as at 31st March 2017 is Rs. 19,640,679. Rate of interest for finance lease obligation (vehicles) is varying between 12.35% to 13.25%.

The maturity profile of the finance lease obligation as at 31st March 2017 is as follows:

Particulars	Total minimum lease payments outstanding at 31 March 2017	Interest	Present value of minimum lease payments as at 31 March 2017
Due within one year	10,029,807	2,212,833	7,816,974
Due later than one year and not later than five years	13,573,657	1,749,952	11,823,705
	23,603,464	3,962,785	19,640,679

The present value of total minimum lease payment liability as at 31 March 2016 was Rs. 17,428,382. The maturity profile of the finance lease obligation as at 31 March 2016 was 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	13,023,473	1,671,290	11,352,183
	21,166,706	3,738,324	17,428,382

Operating Lease obligations:

The Company has taken office premises on lease. Operating lease rentals recognised during the year were Rs 55,108,443 (previous year Rs. 50,299,161). The total of the future minimum lease payments under non-cancellable operating lease are as follows:

Particulars	Year Ended 31st Mar-17	Year Ended 31st Mar-16
Not later than one year	41,425,110	49,293,301
Later than one year but not later than five years	56,552,488	45,612,153
Later than five years	11,106,631	6,989,751
Total	109,084,229	101,895,205

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

33. Earnings/ (loss) per equity share

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
a. Net Profit After Tax	3,904,077,844	2,839,006,949
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)	4.97	3.62

34. 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.

- 35.** 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 2017 and 31 March 2016 except the amount disclosed in Trade payable in note 7.

36. Contingent liabilities

- 1) Based on Demand notices received from the income-tax department & service tax authorities, the Company is contingently liable for Rs. 251,901,311 (Previous year Rs. 232,669,463), against which it had deposited an amount of Rs. 1,232,209 (Previous year Rs. 1,180,650). 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 2017 are Rs. 54,186,956 (Previous year Rs. 42,002,175).
- 37.** Certain show cause notices relating to indirect taxes matters amounting to Rs. 300,820,202 (previous year Rs. 306,167,655) 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.
- 38.** 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
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Notes forming part of the financial statements

Significant accounting policies and notes to accounts

39. During the year ended 31st March 2017 the company appropriated Rs 780,815,569 (previous year Rs. 567,801,390) towards the Statutory Reserve (Reserve Fund) in accordance with Section 45-IC of the Reserve Bank of India Act, 1934.

40. 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 2017	Year Ended 31 March 2016
Provident Fund	34,654,344	30,124,767
Employee State Insurance Corporation (ESIC)	-	34,323
Labour Welfare Fund	62,806	62,131
Total	34,717,150	30,221,221

(B) The following table sets out the status of the gratuity plan as required under AS-15 (revised), “Employee Benefits” as at 31 March 2017:

Reconciliation of benefit obligations & plan assets for the period

	Year ended 31 March 2017	Year ended 31 March 2016
Opening defined benefit obligation	60,070,839	48,309,748
Current service cost	9,345,537	7,570,426
Interest cost	4,797,464	3,960,189
Actuarial losses / (Gain)	22,521,745	5,899,899
Liabilities Assumed on Acquisition / (Settled on Divestiture)	-	-
Benefits paid	(4,876,314)	(5,669,423)
Closing defined benefit obligation	91,859,271	60,070,839
Change in the fair value of plan assets		
Opening fair value of plan assets	56,613,101	46,577,120
Expected return on plan assets	5,200,197	4,237,137
Actuarial gains / (losses)	(522,514)	333,754
Contributions by employer	3,457,738	11,134,513
Benefits paid	(4,876,314)	(5,669,423)
Closing fair value of plan assets	59,872,208	56,613,101

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

	Year ended 31 March 2017	Year ended 31 March 2016
Present value of funded obligations	91,859,271	60,070,839
Fair value of plan assets	(59,872,208)	(56,613,101)
Net asset/liability	31,987,063	3,457,738

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 2017	Year ended 31 March 2016
Current service cost	9,345,537	7,570,426
Interest cost	4,797,464	3,960,189
Expected return on plan assets	(5,200,197)	(4,237,137)
Net actuarial losses / (gains) recognized in year	23,044,259	5,566,145
Net gratuity cost	31,987,063	12,859,623
Actual return on plan assets	4,677,683	4,570,891

Experience adjustments

	Year ended 31 March 2017	Year ended 31 March 2016
Defined benefit obligation	91,859,271	60,070,839
Plan assets	59,872,208	56,613,101
Surplus / (Deficit)	(31,987,063)	(3,457,738)
Experience adjustments on plan liabilities	9,971,521	3,900,544
Experience adjustments on plan assets	(522,214)	333,754

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

	Year Ended 31 March 2016	Year Ended 31 March 2016
Discount rate	7.00% per annum	7.60% per annum
Estimated rate of return on plan assets	7.50% per annum	9.40% per annum
Salary Escalation Rate	10.50% per annum	10.50% 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.

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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

Demographic assumptions

- a) **Retirement Age:** The employees of the Company are assumed to retire at the age of 60 years.
- 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 14% 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).

41. 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 2017	Year Ended 31 March 2016
Discount rate	7.00% per annum	7.60% per annum
Estimated rate of return on plan assets	7.50% per annum	9.40% per annum
Salary Escalation Rate	10.50% per annum	10.50% per annum

The defined benefit obligation of compensated absences in respect of employees of the Company as at 31 March 2017 amounts to Rs. 34,716,370 (previous year Rs. 23,187,528).

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
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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 14% 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)

42. Long Service Awards

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

	Year Ended 31 March 2017	Year Ended 31 March 2016
Discount rate	7.00% per annum	7.60% per annum
Increase in Cost of Award	0.00% per annum	0.00% per annum

- a) **Discount Rate:** The discount rate is based on the prevailing market yields of Indian government securities as at 31st March 2017 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 14% 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 2017 is Rs 8,441,889 (previous year Rs 4,705,715).

43. Un-hedged foreign currency exposure

The Company's exposure in respect of foreign currency denominated assets not hedged as on 31st March 2017 by derivative instruments or otherwise is USD 394,967 (Rs. 25,609,107) [Previous year USD 536,537 (Rs. 35,603,293)]. Similar amount for Payable & other liabilities is USD 2,357,219 (Rs. 152,838,809) [Previous year USD 1,597,998 (Rs. 105,794,570)]

44. 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.



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(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

45. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.
46. Schedule to Balance Sheet of a Non-Banking Financial Company as required in terms of Paragraph 13 of Non- Banking Financial Companies (non-deposit accepting or holding) Prudential Norms (Reserve Bank) Directions, 2007:

	Particulars	As at		As at	
		31-Mar-17		31-Mar-16	
	Liabilities side:	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	Loans and advances availed by the NBFC's inclusive of interest accrued thereon but not paid:				
	(a) Debentures : Secured : Unsecured (Other than falling within the meaning of public deposits)	5,546,137,534		3,473,099,394	
1	(b) Deferred Credits				
	(c) Term Loans				
	(d) Inter-corporate loans and borrowing				
	(e) Commercial Paper	75,106,660,607		27,535,987,077	
	(f) Other Loans				
	- External commercial borrowings	1,953,188,220		28,333,935,594	
	- Cash/Credit Loans	19,640,679		17,428,382	
	- Finance lease obligation				



Significant accounting policies and notes to accounts

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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

* 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-17			31-Mar-16		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	2,927,680	2,927,680	-	5,318,584	5,318,584
(c) Other related parties	-	94,924,858	94,924,858	-	3,299,206	3,299,206
2. Other than related parties	2,816,670,920	99,845,649,816	102,662,320,736	1,685,517,762	72,263,089,878	73,948,607,640
Total	2,816,670,920	99,943,502,354	102,760,173,274	1,685,517,762	72,271,707,668	73,957,225,430

6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):				
Category	31-Mar-17		31-Mar-16	
	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	10,010	10,010	Nil	Nil
(c) Other related parties	Nil	Nil	Nil	Nil
2. Other than related parties	Nil	Nil	Nil	Nil
Total	10,010.00	10,010.00		-

7	Other Information	31-Mar-17	31-Mar-16
(i)	Gross Non-Performing Assets		
	(a) Related parties		
	(b) Other than related parties	1,677,475,055	1,464,543,104
(ii)	Net Non-Performing Assets		
	(a) Related parties		
	(b) Other than related parties	1,241,596,970	1,095,223,339
(iii)	Assets acquired in satisfaction of debt		

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(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

47. Disclosure of Restructured Accounts

S. No.	Type of Restructuring	Under CDR				Under SME Debt				Others			
		Asset Classification Details		Total		Total		Total		Total		Total	
		A	B	C	D	A	B	C	D	A	B	C	D
		#	#	#	#	#	#	#	#	#	#	#	#
1	Restructured accounts as on 1 April 16	-	-	-	-	-	-	-	-	5,011	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	332,863,115	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	109,491,955	-	-	-
2	Fresh restructuring during the year	-	-	-	-	-	-	-	-	2,470	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	226,003,464	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	58,791,411	-	-	-
3	Upgradations to restructured standard category	-	-	-	-	-	-	-	-	888	-	-	-
	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	-	-	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	-	-	-	-	-	-	-	-	3,791	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	208,812,944	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	66,051,204	-	-	-
6	Write-offs of restructured accounts during the FY	-	-	-	-	-	-	-	-	171	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	11,476,373	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	999,596	-	-	-
7	Adjustments as on 31st Mar'17 for payment/provision*	-	-	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
	Amount received	-	-	-	-	-	-	-	-	198,695,281	-	-	-
	Provision adjustments	-	-	-	-	-	-	-	-	67,429,313	-	-	-
8	Restructured Accounts as on 31st March 2017 (S No 1+2-3-4-5-6-7)	-	-	-	-	-	-	-	-	2,631	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	139,881,980	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	33,803,254	-	-	-

* 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'17 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'17.



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Significant accounting policies and notes to accounts

48. Additional Disclosures

48.1 Capital

Particulars	As at 31 March 2017	As at 31 March 2016
i) CRAR (%)	17.10%	18.13%
ii) CRAR - Tier I Capital (%)	12.75%	14.28%
iii) CRAR - Tier II Capital (%)	4.35%	3.85%
iv) Amount of subordinated debt raised as Tier-II capital*	5,400,000,000	3,400,000,000
v) Amount raised by issue of Perpetual Debt Instruments	-	-

*Qualifying amount as Tier II Capital (after discounting) as at 31st March 2017 is Rs 4,100,000,000 (Previous Year Rs. 2,580,000,000). Fresh subordinated debt raised as Tier II during Financial Year 2016-17 is Rs. 2,000,000,000 (Previous year Rs 1,000,000,000).

48.2 Investments

Particulars	As at 31st March 2017	As at 31st March 2016
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	10,010	-
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	10,010	-
(b) Outside India	-	-
2 Movement of Provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / write-back of excess provisions	-	-
(iv) Closing balance	-	-

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

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Significant accounting policies and notes to accounts

48.3 Derivatives

48.3.1 Forward Rate Agreement / Interest Rate Swap

S. No.	Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
(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 swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Nil	Nil
(v)	The fair value of the swap book	Nil	Nil

48.3.2 Exchange Traded Interest Rate (IR) Derivatives

S. No.	Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
(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 effective"	Nil	Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil

48.3.3 Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

S. No.	Particulars	Year ended 31-Mar-17		Year ended 31-Mar-16	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	For hedging	Nil	Nil	Nil	Nil
(ii)	Marked to Market Positions				
	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
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Notes forming part of the financial statements

Significant accounting policies and notes to accounts

48.4.1 Disclosures relating to Securitisation

S. No.	Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
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
	Others	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

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

S. No.	Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
(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

48.4.3 Details of Assignment transactions undertaken by NBFCs

S. No.	Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
(i)	No. of accounts	Nil	Nil
(ii)	Aggregate value (net of provisions) of accounts sold	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

48.5 Details of non-performing financial assets purchased / sold

Details of non-performing financial assets purchased:

	Particulars	Year ended 31-Mar-17	Year ended 31-Mar-2016
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

Details of Non-performing Financial Assets sold :

	Particulars	Year ended 31-Mar-17	Year ended 31-Mar-2016
1	(a) No. of accounts sold	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil
2	(a) Aggregate consideration received	Nil	Nil

*The company has not sold any Non-Performing Financial Assets. However, during financial year 2016-17 company has sold the old written off customers balances of Rs 141,0729,395 (43,636 Customers) to Kotak Mahindra Bank for Rs 39,500,000 which is recognised as bad debt recovered.



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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

48.6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at 31st March 2017

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	29,741,560,816	16,625,542,875	11,181,557,078	20,826,971,550	16,237,387,730	6,469,678,170	-	-	101,082,698,219
Investments	-	-	-	-	-	-	-	10,010	10,010
Borrowings	32,143,724,657	16,388,811,940	6,650,500,678	18,266,250,372	4,010,561,179	1,011,823,705	1,000,000,000	3,000,000,000	82,471,672,531
Foreign Currency assets	25,609,108	-	-	-	-	-	-	-	25,609,108
Foreign Currency liabilities	-	4,249,204	148,589,605	-	-	-	-	-	152,838,809

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	-	-	72,492,682,325
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	102,361,415	-	-	-	-	-	105,794,570

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

48.7.1 Exposure to Real Estate

Category		As at 31 March 2017	As at 31 March 2016
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.	Nil	Nil
	Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
	(iii) :-		
	a. Residential	Nil	Nil
	b. Commercial real Estate	Nil	Nil

48.7.2 Exposure to Capital Market

	Particulars	As at 31 March 2017	As at 31 March 2016
(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



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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

48.8 Details of financing of parent company products

The company has not financed any of the products of its parent company during the financial year 2016-2017.

48.9 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 2017.

48.10 Miscellaneous

48.10.1 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

48.10.2 Disclosure of Penalties imposed by RBI and other regulators

No penalties have been imposed by any regulators during financial year 2016-2017.

48.10.3 Related Party Transactions

For related party transaction refer note No.31.

48.10.4 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 2016-2017.

48.10.5 Revenue Recognition

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

By Mr. Bm



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

49 Additional Disclosures

49.1 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	As at 31 March 2017	As at 31 March 2016
Provisions for depreciation on Investment	-	-
Provision towards NPA	435,878,085	369,319,764
Provision made towards Income Tax	2,311,313,477	1,458,811,156
Provision for Long Service Awards	8,441,889	4,705,715
Provision for reward points redemption	2,300,575,604	1,532,288,907
Provision for Gratuity	31,987,063	3,457,738
Provision for Compensated absences	34,716,370	23,187,528
Provision for Employee stock option	1,327,748	2,461,753
Provision for Bonus & Incentive Payable	90,184,109	67,963,138
Provision for Other Expenses*	1,535,866,209	1,000,095,654
Provision for Other taxes	4,235,604	4,235,604
Provision for Standard Assets	404,330,793	289,970,729

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

49.2 Draw Down from reserves

There is no draw down from the reserves during the financial year ended 31st March 2017.

49.3 Concentration of Deposits, Advances, Exposures and NPAs

49.3.1 Concentration of Advances

Particulars	As at 31 March 2017	As at 31 March 2016
Total Advances to twenty largest borrowers*	1,212,213,729	767,539,243
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.18%	1.04%

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

49.3.2 Concentration of Exposures

Particulars	As at 31 March 2017	As at 31 March 2016
Total Exposure to twenty largest borrowers/customers*	3,344,653,448	2,870,367,738
Percentage of Exposures to twenty largest borrowers/customers to Total Exposures of the NBFC on borrowers/customers	0.52%	0.59%

*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

49.3.3 Concentration of NPAs

Particulars	As at 31 March 2017	As at 31 March 2016
Total Exposure to top four NPA accounts*	3,658,738	2,650,005

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

49.3.4 Sector wise NPAs

Sl No.	Sector	% of NPAs to Total Advances in that sector	As at 31 March 2017	As at 31 March 2016
1	Agriculture & allied activities			
2	MSME			
3	Corporate borrowers - Credit Cards*	0.04%	544,174	167,139
4	Services			
5	Unsecured personal loans			
6	Auto loans			
7	Other personal loans - Credit Cards	1.66%	1,676,930,881	1,464,375,965

*In case of Corporate Cards, the NPA includes all the credit cards exposure to that Corporate in total. % of NPA is for FY 2016-17.

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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

49.4 Movement of NPAs

Particulars	As at 31 March 2017	As at 31 March 2016
(i) Net NPAs to Net Advances (%)	1.21%	1.49%
Movement of NPAs (Gross)		
(a) Opening balance	1,464,543,104	1,068,975,034
(b) Additions during the year	5,083,467,001	3,864,431,647
(c) Reductions during the year	4,870,535,050	3,468,863,577
(d) Closing balance	1,677,475,055	1,464,543,104
(ii) Movement of NPAs (Net)		
(a) Opening balance	1,095,223,340	798,130,519
(b) Additions during the year	3,799,274,918	2,898,323,735
(c) Reductions during the year	3,652,901,288	2,601,230,915
(d) Closing balance	1,241,596,970	1,095,223,339
(iii) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	369,319,764	270,844,515
(b) Provisions made during the year	1,284,192,084	966,107,912
(c) Write-off / write-back of excess	1,217,633,763	867,632,663
(d) Closing balance	435,878,085	369,319,764

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

There is no overseas asset as at 31 March 2017.

49.6 Off-balance Sheet SPVs sponsored

There is no off-balance sheet SPVs sponsored by the company during the year ended 31 March 2017.

49.7 Disclosures of Customers Complaints

S.no	Particulars	As at 31 March 2017	As at 31 March 2016
(a)	No. of complaints pending at the beginning of the year	425	529
(b)	No. of complaints received during the year	20,432	25,880
(c)	No. of complaints redressed during the year	20,575	25,984
(d)	No. of complaints pending at the end of the year	282	425

50. Disclosure of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016 as envisaged in Notification G.S.R 308(E) dated 30th March 2017

The company is a credit card NBFC with 4.1 million cardholders at the end of Oct'16 across India. The cardholders have been provided with 14 modes to pay their credit card outstanding and cash is permitted in only two modes. Cash payments by customers account for around 3% of total collections.



by gk
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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

The Government of India had announced the scheme to withdraw legal tender character of the old Bank Notes in the denominations of Rs. 500 and Rs. 1,000 on 8th Nov'2016. These Specified Bank Notes (SBNs) were allowed to be deposited during 10th Nov'16 to 30th Dec'16 at any of the bank branches/other specified places. Subsequently, RBI also issued a clarification on 16th Nov'16 in the form of FAQs that deposit of SBNs is allowed into all types of deposit/loan accounts.

Since the Reserve Bank of India had allowed deposit of SBNs into all types of deposit/loan accounts, accordingly as a matter of prudence, the Company had made a representation on 17th Nov'17, to the Reserve Bank of India, Department of Currency Management seeking clarity on collection of the outstanding dues from its customers in SBNs through its collection agencies along with customer declaration and PAN details for onward submission to the Bank. After follow up by the company, the Department of Currency Management, Reserve Bank of India vide their email dated 22nd Nov'16, expressed their inability to accede to the Company's request for allowing its collection agents to accept SBNs towards card dues.

Following is the details of cash collections during 8th Nov'16 to 30th Dec'16 period :-

Mode 1: The company directly collects cash from delinquent cardholders through around 200 plus collection agencies spread across India on our behalf. Agencies deposit cash with aggregator (SBI CMP) which in turn transfer the amount to Company's bank account through bank transfer hence no cash is directly held & transacted by the Company. All the agencies were clearly instructed not to collect the SBNs from any customers with effect from 9th Nov'16 onwards. However, we observed that some of the agencies inadvertently collected some of the SBNs as follows:-

Particulars	SBN's	Other Denomination Notes	Total
Closing cash in hand with agencies as on 08.11.2016	18,478,500	911,883	19,390,383
(+) Receipts (collected by agencies)	915,170	144,947,650	145,862,820
(-) Payments	-	-	-
(-) Amount deposited in banks	19,393,670	141,996,914	161,390,584
Closing cash in hand with agencies as on 30.12.2016		3,862,619	3,862,619

Mode 2: The company offers Over The Counter (OTC) mode of payment to its cardholders' wherein they can walk in any branch of SBI bank, SBI Associates, Oriental Bank of Commerce, Karur Vyasa Bank, Bank of Maharashtra and deposit the credit card dues through cash directly in the bank accounts without any knowledge and control of the company over denominations at the time of deposit.

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

However, the Company requested all these bank for the details of SBNs directly collected by them and following is the details received:-

Particulars	SBN's	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Receipts*(Directly deposited by customers in bank)	1,142,906,033	1,347,231	1,144,253,264
(-) Payments	-	-	-
(-) Amount deposited in banks	1,142,906,033	1,347,231	1,144,253,264
Closing cash in hand as on 30.12.2016	-	-	-

* The above receipts does not include cash deposited amounting to Rs. 46,347,425 (deposited by 3,218 cardholders) for which no segregation of currency denomination could be provided by banks.

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

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



Bhupinder Singh
Partner

Membership No.: 092867

Director
DIN: 07053788

Director
DIN: 01659506

Company Secretary
Payal Mittal

Chief Executive Officer
Vijay Jasuja

Chief Financial Officer
Praveen Kumar Singh

Date: 27/04/2017
Place: New Delhi

Date: 27/04/2017
Place: New Delhi



संख्या / No.: MABD/CAD/97-2/2017-18 /47

भारतीय लेखा तथा लेखापरीक्षा विभाग
कार्यालय महानिदेशक वाणिज्यिक लेखापरीक्षा
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-II,
नई दिल्ली

INDIAN AUDIT & ACCOUNTS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL OF
COMMERCIAL AUDIT & EX-OFFICIO MEMBER,
AUDIT BOARD - II, NEW DELHI

दिनांक / DATE 20/12/2017

सेवा में,

मुख्य कार्यकारी अधिकारी,
एस.बी.आई. कार्ड्स एन्ड पेमेन्ट्स सर्विसेज प्राइवेट लि0
डी.एल.एफ. इन्फिनिटी टावर्स सी,
12 वां तल, ब्लॉक 2, बिल्डिंग 3,
डी.एल.एफ. साइबर सिटी,
गुडगाँव-122 002 (हरियाणा)

विषय- कंपनी अधिनियम 2013 की धारा 143 (6)(b) के अधीन 31 मार्च 2017 को समाप्त वर्ष के लिए एस.बी.आई. कार्ड्स एन्ड पेमेन्ट्स सर्विसेज प्राइवेट लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं कम्पनी अधिनियम 2013 की धारा 143 (6)(b) के अधीन 31 मार्च 2017 को समाप्त हुए वर्ष के लिए एस.बी.आई. कार्ड्स एन्ड पेमेन्ट्स सर्विसेज प्राइवेट लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियों अंग्रेजित करती हूँ। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए।

भवदीया,

(हस्ताक्षर)

(नन्दना मुंशी)

महानिदेशक वाणिज्यिक लेखा परीक्षा
एवं पदेन सदस्य लेखा परीक्षा बोर्ड-II
नई दिल्ली

संलग्नक:- यथोपरि

**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 2017.**

The preparation of financial statements of SBI Cards & Payment Services Private Limited for the year ended 31 March 2017 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 2017.

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 2017. 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

N. Munshi

(Nandana Munshi)
Director General of Commercial Audit
& Ex-officio Member, Audit Board-II
New Delhi

Place: New Delhi
Date: