

**SBI Cards and Payment Services  
Private Limited  
Annual Report 2017-18**

**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 20<sup>th</sup> Annual General Meeting of the Company will be held on Friday, September 28, 2018 at 11:00 AM at SBI Card, Board Room, 2<sup>nd</sup> Floor, DLF Infinity Tower B, Gurgaon - 122002 to consider the following items of business:

**Ordinary Business:**

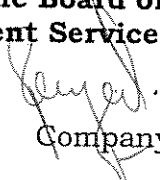
**1. Adoption of Accounts**

To consider, approve and adopt the financial statements of the Company for the Financial Year ended 31<sup>st</sup> March 2018 including the Audited Balance Sheet of the Company as at 31<sup>st</sup> March 2018 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 2018-19.

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

  
Company Secretary

Date : August 31, 2018  
Place : Gurgaon

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company.
2. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. All the relevant documents in respect of accompanying notice are open for inspection at the Registered Office and at the Corporate 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. The documents will also be available for inspection at the meeting.

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

**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, 4<sup>th</sup> 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 28<sup>th</sup> day of September 2018 At 11:00 A.M. at SBI Card, Board Room, Tower B, DLF Cyber City, Gurgaon of the Company and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No. 1.....

Resolution No. 2.....

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.

**Attendance Slip of Annual General Meeting**  
**SBI Cards and Payment Services Private Limited**  
Reg. office Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower, E 1,2,3,  
Netaji Subhash Place, Wazirpur, New Delhi, Delhi - INDIA - 110034  
CIN: U65999DL1998PTC093849

**ATTENDANCE SLIP**

Annual General Meeting, Friday, September 28, 2018 at 11.00 a.m.

Regd. Folio No. \_\_\_\_\_ / DP ID \_\_\_\_\_ Client ID/Ben. A/C \_\_\_\_\_ No. of shares  
held \_\_\_\_\_

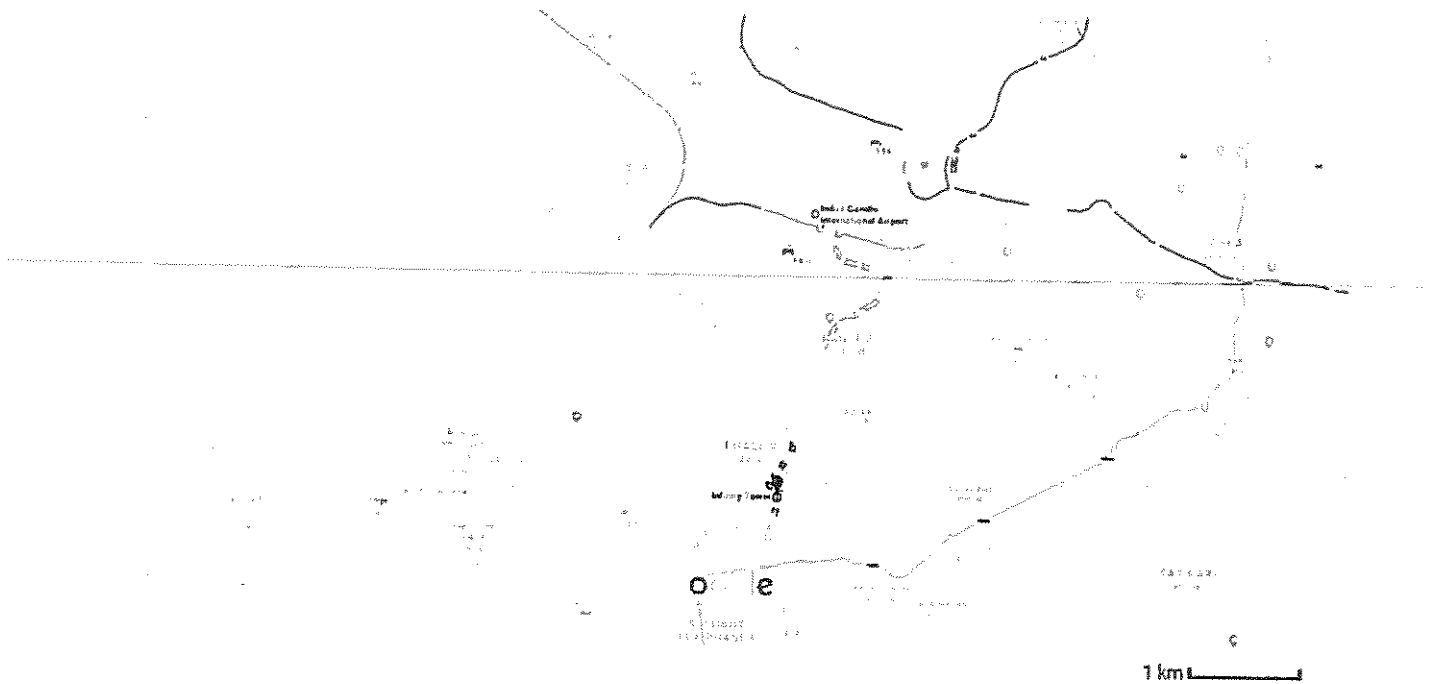
I certify that I am an authorized Representative of registered shareholder/proxy for the registered Shareholder of the Company and hereby record my presence at the Annual General Meeting of the Company on Friday, September 28, 2018 at 11.00 a.m. at SBI Card, Board Room, Tower B, DLF Cyber City, Gurgaon.

Member & Authorised Representative / Proxy name in Block Letters

Member & Authorised Representative / Proxy Signature

Note: Please fill this attendance slip and hand it over at the entrance of the hall.

o e Maps Indira Gandhi International Airport to Infinity Tower Drive 10.9 km, 19 min



via NH 48

Fastest route now due to traffic conditions

19 min

10.9 km

via Indra Gandhi Rd and NH 48

Lighter traffic than usual

24 min

13.5 km

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

Dear Members,

Your Directors are pleased to present the Twentieth Annual Report along with the Audited Annual Accounts of your Company for the financial year ended March 31, 2018.

**FINANCIAL SUMMARY and STATE OF COMPANY'S AFFAIRS**

The financial performance of the company for the financial year ended March 31, 2018 and for the previous year is summarized below: –

S. No	Particulars	Rs. In Crores	
		2017-18	2016-17
1	Income	5,144.36	3363.10
2	Finance Cost	701.27	521.58
3	Operating and Other Expenses	3886.11	2242.01
4	Depreciation and Amortization	1.19	1.04
5	Profit /(Loss) Before Tax	555.79	598.46
8	Tax	192.66	208.05
9	Profit /(Loss) After Tax	363.13	390.41
10	Add: Opening surplus in statement of profit and loss	340.33	122.49
11	Less: Transfer to Statutory Reserve	72.63	78.08
12	Interim equity dividend (amount Rs. 1 per share)	-	78.50
13	Tax on Interim equity dividend	-	15.98
14	Balance of PandL Account C/F to Balance Sheet	630.84	340.33

**BUSINESS PERFORMANCE**

The company has achieved net profit after tax of Rs. 363.1 Cr in FY'17-18. With an objective of enhancing financial prudence, the company has changed its accounting policy in the current year to provide 100% on NPA as against 25% in the previous year. This change has led to additional charge of Rs. 219.9 Cr. Excluding the additional charge, net profits have shown growth of 30% YoY.

Your company had a spectacular business performance in '17-18 across all fronts. The profits (excluding 1-off) grew by 30% YOY. This was enabled by rapid growth in portfolio performance along with efficiency in business operations to support growth.

The company was successful in achieving **104%** YOY growth in new accounts. Growth in new accounts was enabled by focused investments in strengthening the SBI Branch acquisition channel and increasing capacity in the non-SBI channels. SBI Card base has increased to **6.26 MM** as on 31<sup>st</sup> Mar 2018 compared to **4.57 MM** cards as on 31<sup>st</sup> Mar 2017 growing **37%** YOY in the current fiscal. Retail spends on our portfolio for FY'17-18 stood at **Rs. 76,470 Cr** growing **76%** YOY. Strong performance in cards and spends growth has enabled the company to grow its receivables by **41 %** YOY. The company has increased its market share in Cards to **16.7 %** in as on 31<sup>st</sup> Mar 18 versus 15.3% as on 31<sup>st</sup> Mar17. On the spends side, the company increased market share to **16.7 %** in '17-18 versus 13.2% in '16-17.

The company has a strong bouquet of products aimed at diverse segments of the market. It is our endeavour to continually review and improve our products and enrich value propositions on our cards to offer the best in class to our cardholders. During the year the Company added four new products to its already rich product suite. It launched SBI Doctors Card in association with Indian Medical Association exclusively for Doctors. Tata Star Card was launched in association with Tata Capital and Star Bazaar offering superior shopping benefits on Star Bazaar stores. Company entered into an association with BPCL to offer SBI BPCL Card which offers value benefits on fuel transactions. With an objective towards financial inclusion and to target the agricultural segment, SBI Krishak Unnati Card was launched exclusively for agriculturists.

The company has made rapid strides on the digital front during the year and has enhanced its digital presence in web and mobile platforms.

SBI Card website receives **#15 MM** visitors per month with **#9.4 MM** unique visitors. Company has introduced the following enhancements in its website during the year:

- **Aadhar KYC implementation** - Implemented Aadhaar update through website login or OTP
- **E-Apply Document upload** - Allowing prospects to upload their KYC documents online along with the online application
- **Integration with SBI Yono** - SBI Card was one of the earliest SBI subsidiary to integrate with **YONO by SBI** platform (mobile app and website) launched by the State Bank of India in Nov'17

SBI Card mobile application has **13 MM+** logins per month from **2.2 MM** unique users. During the year the company introduced the following enhancements in SBI Card mobile application:

- **MPIN and Touch ID Authentication** for convenient login on the App with ease
- **Scan to Pay (Bharat QR)** so that users can make payments at Bharat QR enabled merchants through Mobile App.
- **Enhanced security** by linking mobile device id with SBI Card login account
- **View Card Statement** details on the Mobile App
- **Refreshed design for Flexipay screen** for converting big purchases in flexible instalments
- **Mailbox** feature to raise concerns/ complaints conveniently. Users can also track the status of their queries.
- **Aadhaar** number update feature through Mobile App

The company has an enhanced presence in various social media platforms with 9.9 lac+ followers in Facebook and 1.9 lacs+ fans in twitter. During the year your company made its mark on Instagram too to cater to Travel and Fashion customer segments. The company also has significant presence in YouTube and LinkedIn.

## **PROSPECTS**

The outlook for the company in next fiscal remains positive. The company is a significant player in the credit card industry with substantial market share. SBI Card envisions making life simple for our cardholders by offering a superior customer experience, enhanced value proposition above competition and world class products to serve its customers. The company is focused on growing its portfolio in a profitable manner and keeping a close watch on the portfolio health.

The company is focused on increasing new card acquisitions from SBI Customer Base. 'Project Shikhar' was launched to ramp up sourcing through SBI Branch networks. The project has yielded tremendous results in increasing acquisitions from SBI channel. The company intends to continue the project into the next year and make necessary changes from experiences gained in the initial phase during '17-18. The company is also focusing on increasing acquisitions from open market and cobrand channels. It shall continue to expand its sourcing locations to reach untapped markets in addition to reviewing distribution strategies to increase efficiency in acquisitions. Additional Co-brand relationships are being explored in existing space as well as in Digital, Hospitality and Luxury/Lifestyle segments.

The company shall continue its engagement with existing customers and remain focused to improve card features and value propositions. The commercial card segment has also witnessed exponential growth. The focus for next year will be to efficiently manage commercial card customers and offer superior services through use of technology.

The company shall continue to enhance digital presence and embrace technology for efficiency in operations and make life simple to all stakeholders. It shall focus on digital acquisitions, e-kyc through Aadhar and enhancements on SBI Card website to offer more self-service options to its customers. It shall leverage chatbots and Artificial Intelligence for operational efficiencies in addition to investing in analytics for customer segmentation and marketing offers.

The company remains committed to maximise value to all its stakeholders, internal and external, including customers, employees, shareholders and business partners. The business and financial performance of the company has been improving year on year. The strong customer base, robust processes and internal control along with strong parentage and patronage of State Bank of India provides the company 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**

After the Public announcement of GE on 10th April 2015 with respect to the reduction of the size of financial business, GE has exited the business on 15<sup>th</sup> December 2017. State Bank of India (the current shareholder) has increased its stake in the Company from 60% to 74% and the balance 26% shares are held by CA Rover Holdings.

#### **MATERIAL CHANGES AND COMMITMENTS BETWEEN THE END OF FINANCIAL YEAR UNDER REVIEW AND THE DATE OF THE REPORT**

The Board approved amalgamation of SBI Business Process Management Services Private Limited with the Company on July 31, 2018.

#### **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, updated as on February 23, 2018, is presented in a separate section forming part of the Annual Report.

#### **AMENDMENT IN ARTICLES OF ASSOCIATION**

During the year under review, your Company has amended its Articles of Association to align the same with the Shareholders' Agreement dated July 21, 2017 entered between State Bank of India, CA Rover Holdings, SBI Cards and Payment Services Private Limited and GE Capital Business Process Management Services Private Limited (name changed to SBI Business Process Management Services Private Limited)

#### **DIVIDEND**

Keeping in view the future capex/investments requirements of the Company, the Board has not recommended any dividend for the Financial Year ending 2017-18.

#### **RESERVES**

During the year ended March 31, 2018, the Company appropriated Rs. 726,259,139 towards the Statutory Reserves (Rs. 780,815,569/- in FY 2016-17) in accordance with Section 45-IC of the Reserve Bank of India Act, 1934.

Also, an amount of Rs. 4,135,927 was transferred from Capital Reserve to General Reserve in FY 2017-18.

#### **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 **17.19%** with **11.20%** as Tier 1 Capital.

## **DEBENTURES**

### **ISSUE OF DEBENTURES**

During the Financial Year 2017-18, your Company has raised money by issue and allotment of following debentures:

- Raised Rs. 500 Crores by issue and allotment of 5000 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.
- Raised Rs. 500 Crores by issue and allotment of 5000 Fixed Rate, Unsecured, Rated, Taxable, Redeemable, Non-Convertible Debentures of Rs. 10,00,000/- each.
- Raised Rs. 110 Crores by issue and allotment of 1100 Fixed Rate, Unsecured, Rated, Taxable, Redeemable, Non-Convertible Debentures of Rs. 10,00,000/- each.

### **REDEMPTION OF DEBENTURES**

Series 2, 400 Unsecured Non-Convertible Debentures of Rs. 10,00,000/- each were duly redeemed on due date.

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

During the financial year 2016-17, the 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 Shri Rajnish Kumar, Shri Dinesh Kumar Khara, Shri S P Singh, Shri Hardayal Prasad, Smt. Saraswathy Athmanathan, Shri Ashwini Kumar Sharma, Shri Sunil Kaul and Shri Devinjit Singh as on the date of the Report.

Following changes are being reported in the composition of Board of Directors during the FY 2017-18 and up to the date of the report:

S. No.	Director	Appointment	Cessation/resignation
--------	----------	-------------	-----------------------

		(FY 2017-18)	(FY 2017-18)
1.	Smt. Arundhati Bhattacharya	-	October 06, 2017 (Resignation)
2.	Shri Rajnish Kumar	December 13, 2017 (Appointed as Nominee Director)	-
3.	Shri Percival Sam Billimoria		June 12, 2017 (Resignation)
4.	Shri Ashish Sharma	-	Resignation (With effect from the conclusion of the Board Meeting held on August 09, 2017)
5.	Shri Vishal Gulati	Appointed as Nominee Director of GECMOI with effect from the conclusion of the Board Meeting held on August 09, 2017	Resignation (With effect from the conclusion of the Board Meeting held on December 15, 2017)
6.	Shri Ryan Armand Zanin	-	Resignation (With effect from the conclusion of the Board Meeting held on December 15, 2017)
7.	Shri Banmali Agrawala	-	October 25, 2017 (Resignation)
8.	Shri Vijay Jasuja	December 15, 2017 (Appointed as Managing Director and Nominee Director) continued as CEO	January 31, 2018 (Resignation as Managing Director and Nominee Director and CEO)
9.	Shri Sunil Kaul	December 15, 2017 (Appointed as Nominee Director)	
10.	Shri Devinjit Singh	December 15, 2017 (Appointed as Nominee Director)	
11.	Shri Hardayal Prasad	February 01, 2018 (Appointed as Nominee Director and Managing Director and CEO)	-
12.	Shri Neeraj Vyas	-	Resigned with effect from June 30, 2018
13.	Shri S P Singh	06-07-2018 Appointed as Nominee Director	

Your Directors place on record their sincere appreciation for the contribution made by Smt. Arundhati Bhattacharya, Shri Vijay Jasuja, Shri Ashish Sharma, Shri Banmali

Agrawala, Shri Ryan Armand Zanin, Shri Vishal Gulati, Shri Percival Sam Billimoria and Shri Neeraj Vyas during their tenure on the Board of the Company.

Company has three Key Managerial Personnel namely Shri Hardayal Prasad, MD and CEO Shri Nalin Negi, CFO and Ms. Payal Mittal, Company Secretary as on March 31, 2018.

During the financial year 2017-18, Shri Vijay Jasuja, CEO resigned from the position of Manager on December 15, 2017 and was also appointed as Managing Director with effect from December 15, 2017. Shri Vijay Jasuja resigned from the position of CEO and Managing Director on January 31, 2018. Shri Hardayal Prasad was appointed as Managing Director and CEO with effect from February 01, 2018. Shri Nalin Negi was appointed as the CFO with effect from September 1, 2017. Shri Praveen Singh was relieved of his duties as CFO on August 31, 2017.

#### NUMBER OF MEETINGS OF THE BOARD

9 meetings of the Board of Directors were held during the year. The Board met on 27-04-2017, 21-07-2017, 09-08-2017, 30-10-2017, 15-12-2017, 26-12-2017, 31-01-2018, 02-02-2018 and 26-03-2018. 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 2017-18 are as follows:

S. No.	Name of Directors	DIN	Status	No. of Meetings Attended
1.	Shri Rajnish Kumar	05328267	Chairman Appointed w.e.f. December 13, 2017	0
2.	Shri Dinesh Kumar Khara	06737041	Director	8
3.	Shri Neeraj Vyas	07053788	Ex-Director w.e.f. 30-06-2018	3
4.	Shri Hardayal Prasad	08024303	Managing Director appointed w.e.f. 01-02-2018	2
5.	Shri Ashwini Kumar Sharma	00157371	Director	8
6.	Smt. Saraswathy Athimanthan	06798837	Director	6
7.	Shri Sunil Kaul	05102910	Director appointed on 15-12-2017	4
8.	Shri Devinjit Singh	02275778	Director appointed on 15-12-2017	3
9.	Smt. Arundhati Bhattacharya	02011213	Ex-Chairman Cessation w.e.f. October 06, 2017	0
10.	Shri Ashish Sharma	01659506	Ex-Director	3

			w.e.f. the conclusion of the Board Meeting held on August 09, 2017	
11.	Shri Vishal Gulati	07564924	Ex-Director Appointed w.e.f. the conclusion of the Board Meeting held on August 09, 2017 and cessation w.e.f. the conclusion of the Board Meeting held on December 15, 2017	2
12.	Shri Banmali Agrawala	00120029	Ex-Director Cessation w.e.f. 25-10-2017	1
13.	Shri Ryan Armand Zanin	07316506	Ex-Director Cessation w.e.f. the conclusion of the Board Meeting held on December 15, 2017	3
14.	Shri Vijay Jasuja	07924822	Ex- Managing Director and CEO cessation w.e.f 31-01-2018	2
15.	Shri Percival Billimoria	01197535	Ex-Director w.e.f. 12-06-2017	0
16.	Shri S P Singh	08026039	Appointed as Nominee Director w e f 06-07-2018	-

#### COMPOSITION OF AUDIT COMMITTEE

The composition of the Audit Committee and the details of the 7 Audit Committee meetings held in accordance with the applicable guidelines and rules, during the year ending March 31, 2018 are as follows:

S. No	Name of Directors/ Member	Status	No. of Meetings Attended
1	Shri Neeraj Vyas	Chairman Cessation with effect from 30-06-2018	4
2	Smt. Saraswathy Athmanathan	Member	6
3	Shri Sunil Kaul	Member w.e.f. 15-12-2017	2
4	Shri Ashish Sharma	Ex-Member	3

		Cessation w.e.f. the conclusion of the Board Meeting held on August 09, 2017	
5	Shri Vishal Gulati	Ex-Member, appointed w.e.f. the conclusion of the Board Meeting held on August 09, 2017 and cessation w.e.f. the conclusion of the Board Meeting held on December 15, 2017	2
6	Shri S P Singh	Appointed with effect from 06-07-2018. Elected Chairman of the Committee on 31-07-2018	-

The Audit Committee met on 27-04-2017, 21-07-17, 09-08-2017, 30-10-2017, 15-12-2017, 02-02-2018 and 26-03-2018.

#### 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, 2018 are as follows:

S. No.	Name of Directors/ Member	Status	No. of Meetings Attended
1	Shri Neeraj Vyas	Member Cessation with effect from 30-06-2018	1
2	Smt. Sarasawathy Athmanathan	Member	4
3	Shri Sunil Kaul	Member w.e.f. 15-12-2017	1
4	Shri Ashish Sharma	Ex-Member cessation w.e.f. the conclusion of the Board Meeting held on August 09, 2017	2
5	Shri Vishal Gulati	Ex-Member, appointed w.e.f. the conclusion of the Board Meeting held on August 09, 2017 and cessation w.e.f. the conclusion of the Board Meeting held on December 15, 2017	1
6	Shri S P Singh	Appointed with effect from 06-07-2018.	-

The Risk Management Committee met four times during the financial year, on 27-04-2017, 09-08-2017, 30-10-2017 and 02-02-2018.

#### COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee and the details of the 6 Nomination and Remuneration Committee meetings held, in accordance with the applicable guidelines and rules, during the year ending March 31, 2018 are as follows:

S. No.	Name of Directors/ Member	Status	No. of Meetings Attended
1	Shri Dinesh Kumar Khara	Member	6
2	Shri Ashwini Kumar Sharma	Member	5
3	Shri Sunil Kaul	Member w.e.f 15-12-2017 w.e.f.	2
4	Shri Ashish Sharma	Ex-Member cessation w.e.f. the conclusion of the Board Meeting held on August 09, 2017	2
5	Shri Ryan Armand Zanin	Ex-Member (appointed as member of the Committee w.e.f. the conclusion of the Board Meeting held on August 09, 2017 and cessation w.e.f. the conclusion of the Board Meeting held on December 15, 2017)	1

The Nomination and Remuneration Committee met six times during the financial year, on 27-04-2017, 09-8-2017, 30-10-2017, 15-12-2017, 31-01-2018 and 02-02-2018.

#### COMPOSITION OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Composition of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company and the details of the 4 CSR Committee meetings held, in accordance with the applicable guidelines and rules, during the year ending March 31, 2018 are as follows:

S. No.	Name of Directors/ Member	Status	No. of Meetings Attended
1	Shri Neeraj Vyas	Member Cessation with effect from 30-06-2018	2
2	Smt. Saraswathy Athmanathan	Member	4
3	Shri Sunil Kaul	Member w.e.f 02-02-2018	0

4	Shri Ashish Sharma	Ex-Member, cessation w.e.f. the conclusion of the Board Meeting held on August 09, 2017	2
5	Shri Vishal Gulati	Ex-Member, appointed w.e.f. the conclusion of the Board Meeting held on August 09, 2017 and cessation w.e.f. the conclusion of the Board Meeting held on December 15, 2017	1
6	Shri Devinjit Singh	Ex-Member, appointed on 15-12-2017 and cessation on CSR Committee w.e.f. 02-02-2018	1
6	Shri S P Singh	Appointed with effect from 06-07-2018.	-

The Corporate Social Responsibility Committee met four times during the financial year, on 27-04-2017, 09-08-2017, 30-10-2017 and 02-02-2018.

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 and Remuneration Policy of the Company framed under Section 178(2) and (3) of the Companies Act, 2013 and RBI Circular/Directions 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 and 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 and Remuneration Policy of the Company along with the changes made therein is annexed as **Annexure 4. The Policy** can also be seen on the website of the Company @ [www.sbicard.com](http://www.sbicard.com).

Pecuniary transactions of Directors with the Company during the financial year 2017-18 are as under:

Sitting Fee at the rate of Rs. 15,000 per Board Meeting and Rs. 10,000 per Committee Sitting Fee is paid to Shri Ashwini Kumar Sharma, Smt. Saraswathy Athmanathan and Shri Percival Sam Billimoria for the meetings attended by them during the FY 2017-18.

The Sitting Fee for the Board Meeting has been increased from Rs. 15,000 to Rs. 25,000 with effect from April 30, 2018.

Closing Balance as on March 31, 2018 of the credit cards issued to Directors of the Company is Rs. 300,735/-

#### **AUDITORS AND 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. S. Ramanand Aiyar & CO., Chartered Accountants (Registration No. 000990N), as the Statutory Auditor of the Company for the financial year 2017-18. Statutory Audit was duly done by the referred firm. Also, Supplementary Audit of the Company was conducted by Director General of Commercial Audit 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, M/s. S. Ramanand Aiyar & CO., Chartered Accountants have been appointed as the Statutory Auditors for the Financial Year 2018-19 by the Comptroller and Auditor General of India on such terms and conditions as prescribed by CAG.

#### **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 2017-18, the Company incurred foreign currency expense of an amount of Rs. 1,685,004,552/- on network, other service charges and other expenses (2016-17: Rs. 986,437,462/-)

The dividend remitted during the year 2017-18 in foreign currency was Nil (2016-17: Rs. 314,000,000).

The foreign exchange earnings during the year 2017-18 were Rs. 1,416,174,443/- (2016-17: Rs. 1,041,003,974/-)

## 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 (including secretarial standards), 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 31<sup>st</sup> March, 2018 are as below:

<i><b>Instrument</b></i>	<i><b>Rating</b></i>	<i><b>Rating Agency</b></i>	<i><b>Comments</b></i>
<b>Debentures/Bonds</b>	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.
<b>Short Term Ratings(Bank Lines/Commercial Paper)</b>	A1+	CRISIL & ICRA	Such instruments carry lowest credit risk.

## AWARDS

- SBI Card team has been awarded with the '**Best Data Quality**' award in NBFC category, for the second time in a row, at the CIBIL Conference awards
- SBI Card corporate card team has been awarded by VISA for becoming the '**No. 1 Commercial Card Issuer**' for VISA India.
- SBI Card team has been awarded with the '**Celebrating Distinguished Achievement**' award by VISA, in the category '*Best Issuer in Risk Efficiency – Domestic*'.

- SBI Card team has been felicitated with **SKOCH Financial Inclusion Award** at the 48<sup>th</sup> **SKOCH Summit** held from at Mumbai. The annual event organised at BSE (Bombay Stock Exchange), recognised our product **SBI Card Unnati**.
- SBI Card received the prestigious Reader's Digest **Most Trusted Brand Award** for the 9<sup>th</sup> time in 2017
- SBI Card felicitated by **CPP Plc.** to recognize the milestone achievement of 3,00,000 live CPP membership in July 2017, which is the largest retail portfolio across all global CPP partners
- SBI Card won '**Best Compliance Program - 2017**' award across Indian industries at the coveted Annual Compliance 10/10 awards
- Mrs. Rinku Sharma won the **Best Compliance Officer** award at the 14<sup>th</sup> Compliance Register Platinum Awards held in London
- SBI Card was awarded at the 11<sup>th</sup> edition of Loyalty Summit for the **Best Loyalty Program in Financial Sector (Non-Banking)** during the Customer Fest Show held in Mumbai
- SBI Card won four awards under various categories at the 26<sup>th</sup> World HRD Congress held in Mumbai
  1. 10<sup>th</sup> Rank under - **Dream Employer of the Year**
  2. **Employer of Choice**
  3. **Best workplace practices**
  4. **Leading HR Practices in quality work life**
- SBI Card won the '**Financial Crime Compliance Team of the Year, Regulated Industries**' award at the Global 'Women in Compliance Awards 2018 ' held at London

## **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 periodic audits of the internal functions and processes of the company are ensured. 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.

The Company is not required to maintain cost records as stated under section 148 of the Companies Act, 2013.

## **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**

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 and 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 are 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.

The internal audit process is synchronised with the Risk Management Framework of the company. The company has an internal audit system commensurate with the size of the company and periodic audits of the internal functions and processes of the company are ensured.

### **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 2017-18. The total amount involved in these frauds was Rs. 34,821,823/- (previous year 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, 2018, 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 and placed on the website of the Company as well at [www.sbicard.com](http://www.sbicard.com)

#### **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.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee as on March 31, 2018 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 2017, 1 case was reported to the Company under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The case was investigated by ICC (Internal Complaints Committee) members and closed.

#### **ACKNOWLEDGEMENT**

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

Date: 31-07-2018  
Place: Mumbai

For and on behalf of the Board

  
CHAIRMAN  
DIN: 05328267  


## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL PERFORMANCE

The company has achieved net profit after tax of **Rs. 363.1** Cr in FY17-18. With an objective of enhancing financial prudence, the company has changed its accounting policy in the current year to provide 100% on NPA as against 25% in the previous year. This change has led to additional charge of **Rs. 219.9 Cr.** Excluding the additional charge, net profits have shown growth of 30% YoY.

Given under is a snapshot of the financial results for the year ended March 31, 2018 and the previous year:

<i>In Rs. Crores</i>			
<b>S.No</b>	<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
1	Income	5,144.36	3,363.10
2	Finance Cost	701.27	521.58
3	Operating & Other Expenses	3,886.11	2,242.01
4	Depreciation and Amortization	1.19	1.04
5	Profit /(Loss) Before Tax	555.79	598.46
6	Tax	192.66	208.05
7	Profit /(Loss) After Tax	363.13	390.41

### APPROPRIATIONS

As the company may require additional capital in the current fiscal for fuelling accelerated growth, the company has decided to reinvest its profits for growth and hence has not declared dividends. Following is a summary of appropriation of profits in the '17-18 along with comparison of the previous year:

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
<b>(Deficit)/Surplus in the Statement of P&amp;L</b>	<b>340.33</b>	<b>122.49</b>
Profit/(Loss) for the year	363.13	390.41
Transfer to Statutory Reserve	(72.63)	(78.08)
Transfer to General Reserve	-	-
Transfer to Capital Reserve	-	-
Interim Dividend	-	(76.50)
Tax on Dividend	-	(15.98)
<b>Balance carried over to Balance Sheet</b>	<b>630.84</b>	<b>340.33</b>

## BUSINESS PERFORMANCE

Your company had a spectacular business performance in '17-18 across all fronts. The profits (excluding 1-off) grew by 30% YOY. This was enabled by rapid growth in portfolio performance along with efficiency in business operations to support growth.

The company was successful in achieving **104%** YOY growth in new accounts. Growth in new accounts was enabled by focussed investments in strengthening the SBI Branch acquisition channel and increasing capacity in the non-SBI channels. SBI Card base has increased to **6.26 MM** as on 31<sup>st</sup> Mar 2018 compared to **4.57 MM** cards as on 31<sup>st</sup> Mar 2017 growing **37%** YOY in the current fiscal. Retail spends on the Company's portfolio for FY'17-18 stood at **Rs. 76,470 Cr** growing **76%** YOY. Strong performance in cards and spends growth has enabled the company to grow its receivables by **41 %** YOY. The company has increased its market share in Cards to **16.7 %** in as on 31<sup>st</sup> Mar 18 versus 15.3% as on 31<sup>st</sup> Mar 17. On the spends side, the company increased market share to **16.7 %** in '17-18 versus 13.2% in '16-17.

The company has a strong bouquet of products aimed at diverse segments of the market. It is the Company's endeavour to continually review and improve its products and enrich value propositions on its cards to offer the best in class to its cardholders. During the year Company added four new products to its already rich product suite. Company launched SBI Doctors Card in association with Indian Medical Association exclusively for Doctors. Tata Star Card was launched in association with Tata Capital and Star Bazaar offering superior shopping benefits on Star Bazaar stores. The Company entered into an association with BPCL to offer SBI BPCL Card which offers value benefits on fuel transactions. With an objective towards financial inclusion and to target the agricultural segment, SBI Krishak Unnati Card was launched exclusively for agriculturists.

The company has made rapid strides on the digital front during the year and has enhanced its digital presence in web and mobile platforms.

SBI Card website receives **#15 MM** visitors per month with **#9.4 MM** unique visitors. The Company has introduced the following enhancements in its website during the year:

- **Aadhar KYC implementation** - Implemented Aadhaar update through website login or OTP
- **E-Apply Document upload** – Allowing prospects to upload their KYC documents online along with the online application
- **Integration with SBI Yono** – SBI Card was one of the earliest SBI subsidiary to integrate with **YONO by SBI** platform (mobile app & website) launched by the State Bank of India in Nov'17

SBI Card mobile application has **13 MM+** logins per month from **2.2 MM** unique users. During the year the company introduced the following enhancements in SBI Card mobile application:

- **MPIN & Touch ID Authentication** for convenient login on the App with ease
- **Scan to Pay (Bharat QR)** so that users can make payments at Bharat QR enabled merchants through Mobile App.
- **Enhanced security** by linking mobile device id with SBI Card login account
- **View Card Statement** details on the Mobile App
- **Refreshed design for Flexipay screen** for converting big purchases in flexible instalments
- **Mailbox** feature to raise concerns/ complaints conveniently. Users can also track the status of their queries.
- **Aadhaar** number update feature through Mobile App

The company has an enhanced presence in various social media platforms with **9.9 lac+** followers in Facebook and **1.9 lacs+** fans in twitter. During the year your company made its mark on Instagram too to cater to Travel & Fashion customer segments. The company also has significant presence in YouTube & LinkedIn.

## **PROSPECTS**

The outlook for the company in next fiscal remains positive. The company is a significant player in the credit card industry with substantial market share. SBI Card envisions making life simple for its cardholders by offering a superior customer experience, enhanced value proposition above competition and world class products to serve its customers. The company is focussed on growing its portfolio in a profitable manner and keeping a close watch on the portfolio health.

The company is focussed on increasing new card acquisitions from SBI Customer Base. 'Project Shikhar' was launched to ramp up sourcing through SBI Branch networks. The project has yielded tremendous results in increasing acquisitions from SBI channel. The company intends to continue the project into the next year and make necessary changes from experiences gained in the initial phase during '17-18. The company is also focussing on increasing acquisitions from open market and cobrand channels. It shall continue to expand its sourcing locations to reach untapped markets in addition to reviewing distribution strategies to increase efficiency in acquisitions. Additional Co-brand relationships are being explored in existing space as well as in Digital, Hospitality and Luxury/Lifestyle segments.

The company shall continue its engagement with existing customers and remain focussed to improve card features and value propositions. The commercial card segment has also witnessed exponential growth. The focus for next year will be to efficiently manage commercial card customers and offer superior services through use of technology.

The company shall continue to enhance digital presence and embrace technology for efficiency in operations and make life simple to all stakeholders. It shall focus on digital acquisitions, e-kyc through Aadhar and enhancements on SBI Card website to offer more self-service options to its customers. It shall leverage chatbots & Artificial Intelligence for operational efficiencies in addition to investing in analytics for customer segmentation and marketing offers.

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

## **MACRO ECONOMIC OUTLOOK**

The year 2017-18 was marked with strong macro-economic fundamentals. However, the growth of gross domestic product (GDP) moderated in 2017-18 vis-à-vis 2016-17. There was an improvement in export growth and fiscal trends remained attuned to the consolidation plans. India's real GDP grew impressively at the rate of 6.7% YOY in FY'17-18. From the demand side, the final consumption expenditure has been the major driver of GDP growth

The outlook for the economy remains positive as stated by RBI in its Bi-monthly Monetary Policy statement in Apr 2018 with acceleration expected in pace of economic activity in 2018-19. The GDP growth in 2018-19 is pegged at 7.4%. The company expects to ride on the expectations of growth in consumption to increase its portfolio spends in the next fiscal. One of the most significant event effecting the Indian Economy in FY 2016-17 was Demonetisation announced in November 2016. 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.

In domestic financial markets, surplus liquidity has gradually ebbed and turned into deficit since February. Interest rates on Treasury bills (T-Bills) and discount rates on commercial papers (CPs) are hardening as markets sense that liquidity conditions are balancing out. In bond markets, long-term yields rose unrelentingly from August. A spike in international crude price and rise in global interest rates contributed to the hardening of yields. Since the beginning of August 2017, yields in the secondary government securities (G-sec) market hardened almost monotonically, driven mostly by domestic factors up to early March 2018. The domestic money markets remain vulnerable to volatility due to uncertainty in global financial markets as well as domestic developments which can impact money market sentiment and liquidity conditions.

## INDUSTRY DEVELOPMENTS

As per the RBI Industry reports, number of credit cards in circulation in India stands at **37.4 Mn** as on Mar 2018 growing by **26% YOY**. Retail spends on credit cards for FY 2017-18 stands at **Rs. 4,590 Bn** showing a growth of **40% YOY**. Number of POS terminals have also grown by **24% YOY** from 2.52 MM to **3.14 MM** 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 **6.26 Mn** as on Mar 2018 which is **37%** higher than previous year. The company has maintained its market ranking of **2<sup>nd</sup>** position in terms of card base with **16.7%** market share (**15.3%** previous year).

Retail spends on cards for FY 2017-18 was at **Rs. 76,470 Cr** which has grown by impressive **76% YOY**. The company maintained **2<sup>nd</sup>** position in terms of spends with market share of **16.7%** (**13.2%** previous year)

## OPPORTUNITIES

Credit card spends as a percentage of Gross Domestic Product in India stands @ **2.7%** for FY'17-18 which makes it one of the least penetrated markets globally. This represents a huge potential to increase credit card penetration in India. The demonetisation exercise by the Govt. of India in Nov 2016 created a favourable environment towards increased awareness and acceptance of credit cards amongst consumers. However, there is a significant un-carded population which remains untapped and holds substantial promise of growth in future.

In the last decade, India has witnessed technology getting embraced in all walks of life. India's internet users and smartphone users have increased exponentially which is also having an impact on consumer spends in digital and online space. SBI Card which has a substantial presence in the online space with its digital engagement through web and mobile apps is positioned favourably to exploit the significant opportunities in this medium.

## THREATS

Along with opportunities, there are also new challenges to the sector. The government continues to focus and push the adoption of UPI through Banks and via their mobile app BHIM. Further there are multiple new players that have launched their own UPI powered third party systems namely Google Tez, Whats App and Reliance Jio payments. 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 is also keeping a close watch on the newly launched Payment Banks and their strategy. 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 cause of concern to the financial sector with increase in incidents of data thefts and cyber frauds. The company accords highest priority in keeping its networks and IT infrastructure safe and robust in preventing such incidents. The Company's information security assets are robust to withstand cyber security threats and it is working hard to keep customer information and secure through strengthening front line defence and reviewing Cyber Security policies.

## **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 and plans to increase issuance of contactless cards in next fiscal.

Your company has also launched Bharat QR (Scan to Pay) for its cardholders which has been received very well. 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.

Your company is well placed to embrace the changing technologies and is in the process of developing its own proprietary digital card powered by Host Card emulation technology which will enable cardholder to pay through the SBI Card mobile app without the need of physical plastic. Your company is also in the process of launching chatbots to service its customers and leverage it to make life simple for its customers.

## **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

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 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 department which is commensurate with the size of the company.

## **HUMAN RESOURCES**

People remain the most valuable asset of your Company. 724 people were employed in the Company as on Mar 31, 2018.

SBI Card focusses on attracting and retaining the right talent and provides equal opportunities to employees at workplace. The company continues to focus on providing training programmes to its employees. During the year the company introduced new training programmes and revamped induction programmes for new recruits. New online training programmes were introduced across various bands. The company unveiled New Organisational Values during the year.

With an objective to hire top talent from institutes of reputation, the Company had launched Forerunners Program and 1<sup>st</sup> Batch of '16-17 graduated successfully in the current year. The 2<sup>nd</sup> forerunners batch were inducted in '17-18 and is running successfully.

The company launched new Performance Management Framework towards Goal Setting, Mid Year Review and Annual Performance. As part of transition to migrate to new systems, the company launched independent and robust HR platforms for payroll, expense claims and employee assessments.

To focus on employee health and wellness, the company launched a new programme 'Embracing Wellness'. The existing Insurance Benefits policy has been enhanced offering more value for its employees. National Pension Scheme has been successfully launched for all employees.

**Date:** 31-07-2018

**Place:** Mumbai

**For and on behalf of the Board**



**CHAIRMAN**

DIN:-05328267

## 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 as required under first proviso to section 188
1.	SBI, Holding Company	Service	NA	Promotion of SBI Exclusif – SBI's Wealth Management Service, to HNI Cardholders of SBI Cards	Arrangement within the group	02-02-2018	No	NA

## 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/trans actions	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	Ongoing	Cash Management Services	No
5	SBI Holding Company	Services	Ongoing	ATM Withdrawal services given to customers	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 & Associates	Services	Ongoing	Agreement for selling the Company's Credit Cards through SBI's networks	No
10	SBI Holding Company	Services	Ongoing	Customer Document Verification/validation Fee	No
11	SBI Holding Company	Services	Ongoing	Compensation and Benefits of SBI Deputee as per the Policy of SBI	No
12	SBI Holding Company	Services	Ongoing	PreSelect Marketing Cross Cell	No

13	SBI, Holding Company	Services	02-11-2015 - coterminous with Alliance Agreement with Mumbai Metro (valid from 14-10-2014 to 13-10-2019)	Arrangement between SBI and SBI Cards for Mumbai Metro Credit Card	No
14	SBI Business Process Management Services Pvt. Ltd, Common Directors/ Fellow Subsidiary	Services	01-04-2017-31-03-2018	Business Process Management Services	No
15	SBI Business Process Management Services Pvt. Ltd, Common Directors/Fellow Subsidiary	Services	01-04-2017-31-03-2018	Seat Sharing & Other shared cost received	No
16	SBI Business Process Management Services Pvt. Ltd, Common Directors/Fellow Subsidiary	Services	01-04-2017-31-03-2018	Seat Sharing & Other shared cost charged to SBIBPMSL	No
17	SBI Life Insurance Company	Services	11-06-2010 - Initial term 3 years, automatic	Commission Received	NA

	Limited, Group Company		renewal thereafter & 01-03-2016 onwards			
18	SBI General Insurance Company Limited, Group Company	Services	April 2016 Onwards	Arrangement of Distributing General insurance Products for SBI General Ins Co. Ltd	No	
19	SBI General Insurance Company Ltd., Group Company	Services	09-08-2016 to 08-08-2017 and 09-08-2017 to 08-08-2018	D&O Policy cover of Rs. 10 crores	Yes	
20	SBI Funds Mgmt Pvt Limited, Common Directors	Investment	Ongoing	Investments done in accordance with Investment Policy of the Company	NA	
21	GE Capital, Joint Venturer	Services	Ongoing (However, the entity is not a related party from 15-12-2017)	Training and other services	No	
22	GE India Industrial P Limited, Common Directors	Services	Ongoing (However, the entity is not a related party from 25-10-2017)	Arrangement for availment of HR Recruitments, HR Ops, Training Exp, SSS Invoice Processing & ET&L Claim processing	No	
23	KMF remuneration	Service	Ongoing	As per Policy of the Company/relevant approval of Board or Committees as may be required	No	
24	Sitting Fee	Service	NA	Rs. 15,000 for Board Meeting Rs. 10,000 for Committee Meeting	No	

						Paid to directors who are not employees of JV Partners	
25	SBI, Holding Company	Service	2017-18 till 30-06-2018	2017-18 till 30-06-2018	Hosted of Sbi Card Link on Online SBI website	No	
26	SBI, Holding Company	Service	Ongoing	Ongoing	ATM Lead Generation	No	
27	SBI, Insurance Company Ltd, Group Company	Service	01-09-2017 to 31-08-2018 and renewal	01-09-2017 to 31-08-2018 and renewal	SBI General Fidelity Insurance Policy	Yes	
28	GE India Industrial Pvt. Ltd. Common Directors	Service	01-07-2013 - ongoing (However, the entity is not a related party from 25-10-2017)	01-07-2013 - ongoing (However, the entity is not a related party from 25-10-2017)	Arrangement for providing infrastructure support services including IT support services	No	
29	GE India Industrial Pvt. Ltd. Common Directors	Service	01-Sep-2016 - ongoing (However, the entity is not a related party from 25-10-2017)	01-Sep-2016 - ongoing (However, the entity is not a related party from 25-10-2017)	Reimbursement to GEIPL of rentals on actual cost basis for the use of Mumbai Office premises	No	
30	SBI, Holding Company	Service	Effective from 30-03-2017 till 29-03-2018	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	
31	SBI, Holding Company	Service	Aug 2016 Ongoing	Aug 2016 Ongoing	SME Card	No	
32	SBI, Holding Company	Service	December 2016 Ongoing	December 2016 Ongoing	General Unsecured Card sourcing through SBI Bank employees	No	
33	SBI, Holding Company	Service	Mar 2017 Ongoing	Mar 2017 Ongoing	Unnati Card	No	
34	SBI, Holding Company	Service	July 2016 Ongoing	July 2016 Ongoing	CSP Program	No	
35	SBI, Holding Company	Service	FY 17-18	FY 17-18	Sourcing of SBI Card through Banca channel at SBI branches:	No	

				With a view to support and encourage SBI & its staff members for effective sourcing among various other initiatives. Commission structure was changed as under:  On Simply Save Card from Rs. 495 to Rs. 995 On Simply Click Card from Rs. 495 to Rs. 995 On Prime Card from Rs. 540 to Rs. 1140 On Elite Card from Rs 590 to Rs. 1390 On Unnati Card Rs. 1190	
36	SBI Holding Company	Service	FY 17-18	Undertaking certain CSR Projects with SBI Foundation	Yes
37	SBI Holding Company	Service	FY 17-18	Hedging of forex exposure risk under FCNR (B) Loans	No
38	SBI Holding Company	Service	FY 17-18	State Bank of India (SBI), SBI Card, and TU CIBIL are entering into a tripartite agreement for pre-qualification exercise of SBI customers as part of project Shikhar	No
39	SBI Holding Company	Service	FY 17-18	Krishak Unnati Credit Card to holders of KCC account with SBI	No

40	SBI, Holding Company	Service	FY 17-18	<p>SBI Card is working with SBI for YONO (you only need one) mobile application which is a one-stop shop for all financial need within SBI Group</p> <p>Customers of SBI who download YONO can apply for SBI Card &amp; enjoy various offers. SBI Card will promote download of YONO amongst its base of cardholders in the said arrangement.</p>	No	
41	SBI, Holding Company	Service	3 Years w.e.f 01st Nov 2017	MOU with SBI for National Pension Scheme (NPS) for employees of the Company launched by PFRDA	No	
42	Mr. Vijay Jasuja	Service	15-12-2017 to 31-01-2018	Appointment of Mr. Vijay Jasuja, CEO as Managing Director of the Company FROM 15-12-2017 to 31-01-2018	No	
43	Director	Service	17-04-2017 to 16-04-2018 and further extension for one year	Appointment of Mrs. Uma Sharma sister of one of the director; Ex-officer, Canara Bank as "SBI Deputy HR Facilitator" on contractual basis under contract entered on 17/04/2017 and further modified on 01-11-2017	No	
44	SBI, Holding Company	Investment by SBI	FY 17-18	Investment by SBI upto Rs. 300 cr in debenture series 9	Yes	
45	SBI Capital Market	Service	FY 17-18	SBI Capital Market appointed as arranger for Debentures series 9	No	

	Limited, Fellow Subsidiary				issued by the Company at a fee of 0.01% pa of Rs. 400 crores	
46	SBI Capital Market Limited, Fellow Subsidiary	Service	FY 17-18		SBI Capital Market appointed as arranger for Debentures issued by the Company at a fee of 0.25% of Rs. 500 crores	No
47	SBI Capital Market Limited, Fellow Subsidiary	Service	FY 17-18		SBI Capital Market appointed as arranger for Debentures issued by the Company at a fee of 0.01% pa of Rs. 110 crores	No
48	SBI, Holding Company	Service	FY 17-18		Revision in the commercials paid to SBI for validation of customer details like account number, salary, Fixed Deposit etc. with respect to applications sourced under BANCA Channel as stated under:  Unsecured Validation: from INR 25 to INR 30 Secured Validation: from INR 40 to INR 45 Address Validation: INR 20 (No change) CSP level 1: INR 25 to INR 40	No
49	SBI, Holding Company	Service	14-09-2017 for the period of one year		Pricing for UPI Payment Method being INR 3.5 and INR 2 for Non SBI and SBI payments respectively (per transaction)	No
50	GE US	Service	Commences on the date of closing		Transition Support Agreement (TSA):	NA

	HOLDINGS, INC. ("GEC") Joint Venturer and SBI BUSINESS PROCESS MANAGEMENT SERVICES PRIVATE LIMITED Entity with Common Director AND GE India Industrial Private Limited- (through ons/more affiliate letter) Entity with Common Director		and continues until the expiry of termination of all GE transitional arrangements as on date the outer period is 18 months  GE Capital and GE Industrial no more a related party as mentioned above		
51	GE Capital Registry, Inc. ("Licensor"); Joint Venturer and SBI Business Process Management Services Private Limited	Service	Commences on the date of closing and continues till the maximum wind down period i.e., 18 months GE Capital and GE Industrial no more a related party as mentioned above	Transition Trade Mark License Agreement (TTLA)	NA

	Entity with Common Director	Service	No term is specified. The licenses shall be transferred on a perpetual basis.	Licence Transfers	
52	GE Capital US Holdings, Inc Joint Venturer and SBI Business Process Management Services Private Limited Entity with Common Director	Service	GE Capital is no more a related party as mentioned above		NA
53	GE Capital US Holdings, Inc. Joint Venturer, GE India Industrial Pvt Ltd., Entity with Common Director and SBI Business Process Management Services Private Limited Entity with Common Director	Service	Commences on the date of closing and continues untill the expiry of termination of all GE transitional arrangements as on date the outer period is 18 months  GE Capital and GE Industrial no more a related party as mentioned above	Letter agreement relating to the provision of certain "onshore" services	NA
54	SBI, Holding Company	Service	Perpetual unless terminated	Amendment Agreement to Licensing Agreement	NA

.55	SBI Trustee Ltd, Group Company	Cap Co.	Service	FY 2017-18 (till May 7, 2017)	Appointed as trustee for Debenture series 4 issued on 28-09-2012	NA
57	GEC, venture	Joint	Service	2017-18 GE Capital, no more a related party as mentioned above	ESOP	NA

\*Please refer to Notes to Financial statements

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

Date: 31-07-2018

Place Mumbai

  
Chairman

Din 05328267



SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED

# **Related Party Transaction Policy**

## Related Party Transaction Policy

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# Related Party Transaction Policy

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## 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 Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 updated from time to time.

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 Directions, 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 of the Companies Act 2013 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:

## Related Party Transaction Policy

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- 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;
- 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;
  - e) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - f) 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.

## 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 "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, 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.

## Related Party Transaction Policy

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- 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)
- 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 and regarding investing Company and venturer of 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 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;

## Related Party Transaction Policy

- 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.

In connection with 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. (Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 updated from time to time)

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 fulfilment 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 about 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

## Related Party Transaction Policy

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.

- 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.
- f. Any other conditions as the Audit Committee may deem fit.
- g. 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 before or 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

## Related Party Transaction Policy

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### **7. Transactions with related parties requiring shareholders approvals**

- a. Subject to the exemptions as prescribed under the Companies Act, 2013, the Company shall take necessary approvals from the shareholders while entering into the related party transactions in case the value of the transactions exceeds the limits as prescribed under the provisions of the Act.

### **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 2017-18**

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. The Company looks to extend our guiding principles to bring about impactful change.

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) Health and Sanitation
- (iv) Old Age homes/orphanage and gender equality
- (v) Government Funds and Initiatives

The CSR Policy is available on SBI Card website [www.sbicard.com](http://www.sbicard.com)

2. ***The composition of the CSR Committee as on 31st March 2018:***

Following are the members of SBICPSL CSR Committee :-

- a) Mr. Neeraj Vyas
- b) Mrs. Saraswathy Athmanathan
- c) Mr. Sunil Kaul

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. 454,33,51,750/-** as mentioned below :

Financial Year	Net Profit (INR)
2014-15	2,91,54,86,227
2015-16	4,54,58,51,617
2016-17	6,16,87,17,404
Total for the last 3 years	13,63,00,55,249
<b>Average</b>	<b>454,33,51,750</b>

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

The prescribed CSR expenditure for FY 2017-18 was Rs. 9,08,67,035/- (2% of net after profit Rs.454,33,51,750 ).

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

- Total amount to be spent for the financial year : Rs. 9,08,67,035/-
- 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 is covered	Projects or programs (i) Local area or other (ii) Specify the state & district where the project or program was undertaken	Amount outlay (budget) project or program wise  INR	Amount spent on the projects / programs Subheads : (i) Direct expenditure on projects or programs (ii) Overheads  INR	Cumulative expenditure upto the reporting period  INR	Amount spent direct or through implementing agency
1	To support the skill development training of underprivileged youth	Livelihood and Skill Enhancement	NCR and Chennai	1,62,72,199	1,62,72,199	3,91,45,731 (FY16-17: 2,28,73,532 & FY17-18: 1,62,72,199)	Through- NSDF- NSDC
2	To support the skill development training for disabled youth	Livelihood and Skill Enhancement	NCR	49,99,500	49,99,500	49,99,500	Through Implementing Agency- SBI Foundation
3.	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.	Promoting Education	Delhi NCR, Bhopal.	1,29,53,909	1,29,53,909	4,25,81,225 (FY15-16: 1,67,81,836, FY16-17: 1,28,45,480 & FY17-18: 1,29,53,909)	Through Implementing Agency- Agastya International Foundation
2.	To educate & empowering underprivileged children by sponsoring 150 girl students at the Vidyapeeth School	Promoting Education	NCR	24,75,000	15,37,500	41,75,450 (FY 15-16: 12,31,700, FY 16- 17: 14,06,250 & FY17-18: 15,37,500)	Through Implementing Agency- Literacy India


3	To provide support to govt. schools in Delhi area ( dual desk, computer lab, preprimary classroom infrastructure, operations of the computer lab have been supported).	Promoting education	Delhi	59,05,210	59,05,210	79,77,328 (FY16-17 : 20,72,118 & FY17-18: 59,05,210)	Through Implementing Agency- United Way Delhi
4	To support the SDMC govt. school in enhancing the quality of education by providing better learning environment, teaching support, learning materials etc.	Promoting education	Delhi	53,95,313	53,95,313	53,95,313	Through implementing Agency- SBI Foundation
5	To provide primary healthcare facilities to the under-privileged in selected areas, where the healthcare facilities are missing / negligible; through Mobile Medical Units	Promoting health care and sanitation	Gurgaon, Delhi and Chennai	1,15,08,551	1,15,08,549	2,01,07,691 (FY15-16: 22,26,750 FY16- 17: 63,72,390& FY17-18: 1,15,08,551 )	Through Implementing Agency- Smile Foundation
6	To provide primary eye screening services to the underprivileged through a mobile eye screening vehicle.	Promoting health care and sanitation	Gurgaon, Manesar and Sohna	19,22,000	15,04,000	45,02,837 (FY16-17 29,98,837 & FY17-18: 15,04,000	Through Implementing Agency- Arunodaya Charitable Trust
	To improve the hygiene and sanitation facility/awareness of govt. schools by provision of toilet blocks.	Promoting healthcare and sanitation	Delhi	1,74,58,294	84,72,600	84,72,600	Through implementing agency- United Way Delhi
	To support the cochlear implant and therapy of 17 hearing impaired children	Promoting healthcare and sanitation	Delhi	94,78,350	94,78,350	94,78,350	Through implementing agency-SBI Foundation.
8	To provide support for stay and care of destitute, homeless elderly.	Old Age homes/orphanage and gender equality	Delhi	96,00,000	96,00,000	1,20,00,000 (FY16-17: 24,00,000 & FY17-18: 96,00,000)	Through Implementing Agency-Saint Hardayal Education and Orphan Welfare Society.
	To support 6 family based homes for orphan children in SOS Children's Village, Bawana and Greenfields.	Old Age homes/orphanage and gender equality	NCR	77,76,000	32,40,000	32,40,000 (FY17-18: 32,40,000)	SOS Children's Village of India.
	<b>TOTAL</b>				<b>9,08,67,130</b>		

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 :*

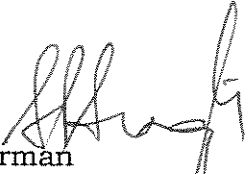
The organization has spent the amount stipulated for the financial year 2017-18.

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.

  
Managing Director &  
Chief Executive Officer  
SBICPSL

DIN:- 08024303

  
Chairman  
CSR Committee, SBICPSL

DIN:- 08026039

  
Chairman  
SBICPSL

DIN:- 05328267

**Corporate Social Responsibility Policy**

SBI Card & Payments Services Pvt. Ltd.

**Corporate Social Responsibility Policy**

July 2018

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.



- 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 Swach 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;



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.



- 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. **Ensuring environmental sustainability-and ecological balance-** Protection of flora and fauna, conservation of natural resources and maintaining quality of soil, air and water
- 6. **Protection of national heritage, art and culture-** including restoration of buildings and sites of historical importance and works of art
- 7. **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
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



## Corporate Social Responsibility Policy

- 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.

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.							
	<b>TOTAL</b>						

*MD*

**\*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 Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 updated on May 31, 2018)**

### **1. PREAMBLE**

In accordance with RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 updated on May 31, 2018, 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 had 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 Master Direction, 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 specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

- 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**

- Managing Director & 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 (hereinafter referred as SBI) and one is the nominee director of C A Rover Holdings (hereinafter referred as CARH). 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 specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

- 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 Share Holders' Agreement between State Bank of India and CA Rover Holdings, 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.

#### **(iii) Evaluation**

The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance annually.

#### **(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 SBI/ CARH and who are full - time employees of SBI or CARH 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:
  - Managing Director/ CEO is a person on deputation from SBI. CEO's Remuneration & perquisites will be as per SBI's standard Policies and Practices.
  - Other deputees from SBI shall also be paid Remuneration & perquisites as per SBI's standard Policies and Practices.
  - Other deputees from CARH shall be paid Remuneration & perquisites as per the market rate for such positions, by the Company.
  - Other employees, CFO and Company Secretary shall be paid Remuneration & perquisites in accordance with processes and procedures followed by the Company to determine the Remuneration & perquisites.
  - 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.

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# Change Tracker Nomination & Remuneration Policy

PARTICULARS	POLICY APPROVED ON 01 NOVEMBER 2016	REVISED POLICY WEF 01 SEPTEMBER 2017
Remuneration to Key Directors/ Managerial Personnel/ Senior Management Personnel & other employees	<p>Para 3 Sub Clause 1 - Remuneration paid to KMPs and to other employees:</p> <p><b>Manager &amp; CEO</b> is a person on deputation from State Bank of India. His/her Remuneration &amp; perquisites will be as per the scales of salary in State Bank of India.</p> <p>Para 3 Sub Clause 2-</p> <p>CFO is a person on deputation from State Bank of India. His/her Remuneration &amp; perquisites will be as per his scales of salary in State Bank of India</p> <p>Para 3 Sub Clause 5-</p> <p>Other employees and Company Secretary shall be paid Remuneration &amp; perquisites in accordance with processes and procedures followed by the Company to determine the Remuneration &amp; perquisites.</p>	<p>Para 3 Sub Clause 1 - Remuneration paid to KMPs and to other employees:</p> <p><b>Manager/ CEO</b> is a person on deputation from State Bank of India. His/her Remuneration &amp; perquisites will be as per the scales of salary in State Bank of India</p> <p>Para 3 Sub Clause 2- Clause deleted</p> <p>Para 3 Sub Clause 5-</p> <p>Other employees, CFO and Company Secretary shall be paid Remuneration &amp; perquisites in accordance with processes and procedures followed by the Company to determine the Remuneration &amp; perquisites.</p>
PARTICULARS	POLICY WEF 01 SEPTEMBER 2017	REVISED POLICY
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	In accordance with RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 updated on May 31, 2018, all applicable NBFCs shall form a Nomination Committee
Clause 2 Policy	Reference of RBI Circular	Reference of RBI Circular replaced with RBI Directions.
Clause 3 sub clause 4: Objective	To formulate criteria for evaluation of every director's performance and to carry out the same.	To specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance
Clause 4 Definitions	"Key Managerial Personnel" (KMP) means Manager & CEO	"Key Managerial Personnel" (KMP) means Managing Director & CEO

*[Handwritten signature]*

## Change Tracker Nomination & Remuneration Policy

<b>Clause 5 Constitution</b>	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 Nomination and Remuneration Committee of the Board consists of 3 members, of which two are the nominees of State Bank of India (hereinafter referred as SBI) and one is the nominee director of CA Rover Holdings (hereinafter referred as CARH).
<b>Clause 6 Sub Clause 2 Role of the Committee</b>	To carry out evaluation of every director's performance.	To specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
<b>Clause 7 Appointment criteria and Qualification of Directors</b>	The Director shall fulfill 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.	The Director shall fulfill the requirements of Company's Policy on fit and proper criteria for directors and shall be appointed and hold position in accordance with the Share Holders' Agreement between State Bank of India and CA Rover Holdings, Companies Act, 2013 and Articles of Association of the Company.
<b>Clause 7 (ii): Appointment criteria and qualification of KMP and persons in Senior Management</b>	Also, the appointment of KMP and persons in Senior Management to be recommended by Advisory Committee as per JV Agreement.	Deleted
<b>Clause 7 (iii): Evaluation</b>	The Committee shall carry out evaluation of performance of every Director at regular interval (Yearly). Format of evaluation shall be as per Annexure I.	The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance annually.
<b>Clause 8: Remuneration to Directors/ Key Managerial Personnel/ Senior Management</b>	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 Directors nominated by SBI/ CARH and who are full – time employees of SBI or CARH will not get any Remuneration from the Company including sitting fees.

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# Change Tracker Nomination & Remuneration Policy

<b>Personnel &amp; other employees</b>  <b>Para 3</b>	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.  Other deputees from State Bank of India shall be paid Remuneration & perquisites as per their scales of salary in State Bank of India.  Other deputees from GE Capital shall be paid Remuneration & perquisites as per the market rate for such positions, by the Company	Remuneration paid to KMPs and to other employees:  Managing Director/ CEO is a person on deputation from SBI. CEO's Remuneration & perquisites will be as per SBI's standard Policies and Practices.  Other deputees from SBI shall also be paid Remuneration & perquisites as per SBI's standard Policies and Practices.  Other deputees from CARH shall be paid Remuneration & perquisites as per the market rate for such positions, by the Company.
<b>Annexure I</b>	Director's Survey Form	Deleted



## 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 Comment of Employment	Last Employment
1	Manish Dewan	Executive Vice President & Chief Sales Officer	NA	Full Time Employee (FTE)	14,414,267	BE Mechanical, MBA from IIM, 50 years	26	NA	1-Oct-11	GE Capital Business Process Management Services Private Limited
2	Aparna Kuppuswamy	Executive Vice President & Chief Risk Officer	NA	Full Time Employee (FTE)	16,784,456	BSc Chem (FI)+ Master of Finance and control 47 years	22	NA	1-Apr-09	GE Money
3	Ugen Tashi Bhutia	Executive Vice President & Head - Legal	NA	Full Time Employee (FTE)	10,496,019	LLB 41 Years	16	NA	2-Jan-12	Lakshmi Kumaran and Sridharan (Law Firm)
4	Girish Budhiraja	Executive Vice President & Chief Product and Marketing Officer	NA	Full Time Employee (FTE)	12,634,447	B.Tech from Indian School Of Mines, LLB from DU, PGDBM from IIM, Bangalore, 46 Years	23	NA	22-Oct-12	American Express



by

5	Rana Biswas	Sr. Vice President & Head - SFE	NA	Full Time Employee (FTE)	7,198,043	BSc & Executive MBA-ISB, 48 Years	27	NA	1-Nov-06	Birla Sunlife Insurance
6	Rinku Sharma	Executive Vice President & Chief Compliance Officer	NA	Full Time Employee (FTE)	9,357,580	BSc (Hons) Chemistry, MBA (Marketing & Finance) 44 Years	23	NA	1-Nov-12	GE Capital
7	Amandeep Singh	Sr. Vice President - Taxation	NA	Full Time Employee (FTE)	7,489,841	CA, LLB, 38 years	16	NA	16-Feb-15	Cargill India Private Limited
8	Vinay Gupta	Sr. Vice President - ITP&A	NA	Full Time Employee (FTE)	7,164,906	Bachelors from Inst. of Chartered Accountants of India, 38 Years	15	NA	11-Aug-06	Price Waterhouse
9	Gopal Prasad Malakar	Vice President - Marketing	NA	Full Time Employee (FTE)	8,068,539	BE, MBA, 42 years	17	NA	17-Mar-10	TCS E-Serve Ltd

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10	Vishal Singh	Executive Vice President - Head Banca Channel	NA	Full Time Employee (FTE)	8,690,796	PG Diploma from Institute of Integrated Learning in Management, 41 Years	18	NA	16-Nov-2004	-
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For and on behalf of the Board of Directors

  
 CHAIRMAN  
 DIN: 05228267  
 Date: 31-07-2018  
 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) 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	74%	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	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
Banks / FI	471,000	2	471,000	60%	580,899	2	580,900	74%	14%
SBI			2						
<b>Sub-total (A) (1):-</b>	471,000	2	471,000	60%	580,899	2	580,900	74%	14%
			2						

(2) Foreign Bodies Corp. GE CAPITAL MAURITIUS OVERSEAS INVESTMENTS	314,000,000	-	314,000,000	40%	-	-	-	-	40%
<b>Sub-total (A) (2):-</b>	314,000,000	-	314,000,000	40%	-	-	-	-	40%
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	785,000,000	2	785,000,000	100%	580,899,999	2	580,900,001	74%	26%
<b>B. Public Other Shareholding</b>	-	-	-	-	204,100,001	-	204,100,001	26%	26%
Foreign Bodies Corp.									
CA Rover Holdings									
<b>Sub-total (B)(1):-</b>	-	-	-	-	204,100,001	-	204,100,001	26%	26%
C. Shares held by Custodian for GDRs & ADRs	Nil								
<b>Grand Total (A+B+C)</b>	785,000,000	2	785,000,000	100%	785,000,000	2	785,000,002	100%	0

b. Shareholding of Promoters

S No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the	% of Shares Pledged /	No. of Shares	% of total Shares	% of Shares Pledged /	% change in share holding

			comp any	encum bered to total shares		of the comp any	encum bered to total shares	during the year
1.	SBI	471,000, 002	60%	0	580,90 0,001	74%	0	14%
2	GE CAPITA L MAURI TIUS OVERS EAS INVEST MENTS	314,000, 000	40%	0	-	-	-	40%

c. Change in Promoters' Shareholding:

S N o.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the compan y	No. of Shares	% of total Shares of the company
1.	At the beginning of the year	785,000,0 02	100%	785,000,00 2	100%
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease	(204,100, 001) (Decrease in Promoter' s Sharehold ing due to Transfer to CA Rover Holdings on 15/12/20 17)	26%		
3	At the end of the year	580,900,0 01	74%	580,900,00 1	74%

d. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S N o.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the compan y	No. of Shares	% of total Shares of the company
1.	At the beginning of the year	-	-	-	-
2	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease	204,100,0 01 (Increase in Sharehold ing due to Transfer to CA Rover Holdings on 15/12/20 17)	26%		
3	At the end of the year	204,100,0 01	26%	204,100,00 1	26%

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	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
Change in Indebtedness during the financial year				
• Addition	488,811,784,975	141,262,351,934	-	630,074,136,909
• Reduction	472,614,847,185	126,835,049,999	-	599,449,897,184
Net Change	16,196,937,790	14,427,301,935	-	30,624,239,725
Indebtedness at the end of the financial year				
i) Principal Amount	87,804,991,213	24,742,928,301	-	112,547,919,514
ii) Interest due but not paid	-	-	-	-

iii) Interest accrued but not due	9,123,141	692,824,110	-	701,947,251
Total (i+ii+iii)	87,814,114,354	25,435,752,411	-	113,249,866,765

Note: Principal Amount is net of unamortised discount of Rs. 248,624,169 (Previous Year- Rs. 855,652,336) in secured loans & Rs. 107,071,699 (Previous Year- Rs. 37,687,058) 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	Total Amount
		Manager/CEO – Shri Vijay Jasuja (01 <sup>st</sup> April 2017 to 14 <sup>th</sup> Dec-2017  *MD & CEO (15-Dec-2017 to 31 <sup>st</sup> - Jan-2018)	*MD & CEO – Shri Hardayal Prasad (01 <sup>st</sup> Feb 2018 to 31 <sup>st</sup> March 2018)
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	6,174,917	944,972
2.	Stock Option	0	
3.	Sweat Equity	0	
4.	Commission	0	

	- as % of profit - others, specify...		
5.	Others, please specify	0	
	Total A	6,174,917	944,972
	Ceiling as per the Act	NA	

**\*Remuneration paid in capacity of CEO and not Managing Director.**

**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	1,70,000	2,30,000	0	4,00,000
	Total				4,00,000
	Ceiling as per the Act	NA	NA		

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

Sl. no.	Particulars of Remuneration	Total Amount		
		Mr. Praveen Singh CFO (01-April-2017 - 31 <sup>st</sup> Aug-2017)	Mr. Nalin Negi CFO (01st-Sep-2017 to 31 <sup>st</sup> - Mar-2018)	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	2,850,263	0	5,269,131
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission	0	0	0

	- as % of profit - others, specify...			
5.	Others, please specify	0	0	0
	Total A	2,850,263	0	5,269,131

#### 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)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

Date: 31-07-2018

Place: Mumbai

CHAIRMAN

DIN: 05328267

# S. Ramanand Aiyar & Co.

## CHARTERED ACCOUNTANTS

708 SURYA KIRAN 19 KASTURBA GANDHI MARG NEW DELHI 110 001  
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sraiyar@yahoo.com, bala@sraco.in  
www.sraco.in

### 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 31 March 2018, 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 and presentation 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 principle generally accepted in India, including ( The 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 of 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 and 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, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



Office also at  
Mumbai Kolkata  
Indore

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 the 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 31 March, 2018, 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 terms of sub-section (11) of section 143 of the Act, we give in the Annexure "1", a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent as applicable.
2. The Comptroller and Auditor General of India has issued the directions and sub directions indicating the areas to be examined in terms 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 purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it 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 the written representations received from the directors as at 31 March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2018 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.

For S.Ramanand Aiyar & Co.  
Chartered Accountants  
Firm's Registration Number:000990N



R. Balasubramanian  
Partner  
Membership No. 080432

Place: New Delhi

Date 30 APR 2018



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 programme 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 the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of 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 the form of credit cards to fifteen 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. 1,697,808/- and the year-end balance of such loans was Rs. 300,735/-. The Company has granted unsecured loans in the form of credit cards, to thirty six companies covered in the register maintained under section 189 of the Companies Act, 2013. The maximum amount outstanding during the year was Rs 108,183,864/- and the year-end balance of such loans was Rs 7,326,859/-.
- (a) In our opinion the terms and 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 borrowers 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 in terms of provision of clause b of proviso to section 185(1) is exempted from section 185(1) of the Companies Act, 2013. All necessary approvals for the transaction done under section 186 have been taken.
- 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 and 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 other material statutory dues have generally been 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 explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Income tax, Sales-tax, Value Added Tax, Service Tax, Employee's State Insurance and material statutory dues were in arrear as at 31 March 2018 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/Goods and Services Tax which have not been deposited on account of any dispute except the following:

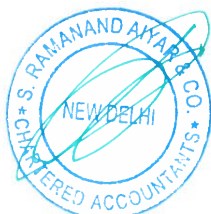
Name of the Statue	Nature of the Dues	Amount (Rs.) (Includes Interest/penalty)	Period to which the amount relates	Forum where dispute is pending
Service Tax	Service Tax demand on Incentive Income	5,024,202	F.Y. 2007-08 to 2008-09	Commissioner of Central Excise (Appeals)



Service Tax	Service Tax demand on Incentive Income	2,583,292	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	186,413,069	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	54,894,453	F.Y. 2000-11 to 2011-12	Customs, Excise and Service tax Appellate Tribunal
	<b>TOTAL</b>	<b>248,915,016*</b>		

\* Net of deposit of Rs. 1,180, 650/- is Rs. 247,734,366

- 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 Banks or dues to debenture holders. The Company has not taken any loans or borrowings from financial institutions or Government.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) According to information and explanations given to us, no fraud by the Company or on the Company by its officers and 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.34,821,823/-.
- xi) The Company is a Private Limited Company, As such, the provisions of Sec 197 of the Companies Act,2013 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 7.55% unsecured Non-Convertible Debentures worth Rs.1,000,000 each amounting to Rs. 5,000,000,000, 8.10% unsecured Non - Convertible Debentures worth Rs.1,000,000 each amounting to Rs.1,100,000,000 and 8.30% unsecured Non - Convertible Debentures worth Rs.1,000,000 each amounting to Rs.5,000,000,000 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 it has obtained certificate of registration dated 06 October 1998.

For S.Ramanand Aiyar & Co.  
Chartered Accountants  
Firm's Registration Number:000990N



R. Balasubramanian  
Partner  
Membership No. 080432

Place: New Delhi

Date: 30 APR 2018



# S. Ramanand Aiyar & Co.

## CHARTERED ACCOUNTANTS

708 SURYA KIRAN 19 KASTURBA GANDHI MARG NEW DELHI 110 001  
Tels : 91 11 2331 9284 2335 2721 2331 1045 2335 1381  
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sraiyar@yahoo.com, bala@sraco.in  
www.sraco.in

### Compliance Certificate

We have conducted the audit of accounts of SBI Cards and Payment Services Private Limited for the year ended 31 March 2018 in accordance with the directions/ sub-directions issued by the Comptroller and Auditor General of India under Section 143(5) of the Companies Act 2013 and certify that we have complied with all the directions and sub-directions issued to us.

For S.Ramanand Aiyar & Co.  
Chartered Accountants  
Firm's Registration Number:000990N



R. Balasubramanian  
Partner  
Membership No. 080432

Place: New Delhi  
Date:

30 APR 2018



Office also at  
Mumbai Kolkata  
Indore

Annexure "2" to Independent Auditors' Report

(Referred to in our report of even date)

Report on direction and Sub- directions issued by the Comptroller and Auditor General of India under section 143(5) of Companies Act 2013 on accounts of SBI Cards and Payment Service Private Limited for the year ended 31 March 2018.

Annexure – I

Directions for the year 2017-18

	Particulars	Compliance of Directions
I	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?	As informed to us, and on the basis of the examination of the records, the company is not having any freehold and leasehold property. However, the company has taken various office premises on lease (on rent) as detailed in List '1'.
II	Whether there are any cases of waiver/ write off of debtors/ loans/ interest etc., if yes, the reasons there for and amount involved.	<p>As per the Company's Accounting Policy 1d of Significant Accounting Policies and Notes to Accounts- Customers having overdue of 191 days or more from payment due date is written off.</p> <p>The Company also gives settlement offer to delinquent customers who request for early resolution of debt owing to impairment of payment capability. The settlement waivers are reviewed and are subject to approval, based on a pre-defined authority matrix.</p> <p>During the year 2017-2018, the company has written off total bad debts amounting to Rs. 4,418,508,087. Total amount waived/settled during the year 2017-2018 pertains to customers with overdue balances of less than 191 days from payment due date which amounts to Rs. 566,048,432. This includes waiver of principal balances of Rs. 387,837,753 (included in the write off amount mentioned above) and waiver of fees and charges of Rs. 178,210,679. In addition, the Company has given fee waiver of Rs. 1,265,905,274, on account of goodwill gesture.</p>



III	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/ grant(s) from Government or other authorities during the year.
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Annexure -II

Sub-Directions under section 143(5) of Companies Act 2013 for the year ended 31 March 2018.

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

1.	<b>Investments</b>	
	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 are no investments of the Company at the end of 31 March 2018, except 1001 shares amounting to Rs. 10,010/- of SBI Foundation, allotted on 16 January 2017. These shares are in physical form and the amount of investment is in agreement with amount shown in the Company's books of account.</p> <p>In addition to this, Investments in Mutual Funds are purchased/sold in demat form and the demat account shows only quantity. The same are in agreement with the quantity as per other relevant data available for investments.</p>
2	<b>Loan</b>	
	In respect of provisioning requirement of all restructured, rescheduled, renegotiated loan-whether a system of periodical assessment of realisable value of securities available against all such loans is in place and adequate provision has been created during the year? Any deficiencies in this regard, if any, may be suitably commented upon along with financial impact.	<p>The Company offers restructuring of the outstanding advances in equitable monthly instalments to customers, who have shown willingness to pay; but are unable to make the required payment on account of financial stress. All such advances are classified as unsecured and are treated as part of Non-Performing Assets. As per the Company's Accounting Policy 1d of Significant Accounting Policies and Notes to Accounts, a provision of 100% is made in the books of account against the principal outstanding of such advances. As on 31 March 2018, principal outstanding of such restructured advances stands at Rs. 63,035,837 (which includes an amount Rs. 43,050,774 for restructured advances for customers overdue between 0-90 days from payment due date) against which a provision of Rs. 63,035,837 has been made in the books of account.</p>



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	Chennai	#141, 10th Floor, TVH Agnitio Park, Chennai, 600096	Chennai	Tamil Nadu	Chennai
3	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
4	Gurgaon- Tower B	2nd & 7th Floor, DLF Infinity Towers, Tower B, Block 2, Building 3, DLF Cyber City, Gurgaon 122002, Haryana	Gurgaon	Haryana	Gurgaon
5	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
6	Ahmedabad	Corporate house, Ashram Road Ahmedabad - 380009	Ahmedabad	Gujarat	Ahmedabad
7	Cochin	5th Floor Arya Bhangy Pinnacle, 37/993 H, Sahodaran, Ayyappan Road, Elamkulam, Kochi 682035	Cochin	Kerala	Ernakulam
8	Hyderabad	Unit Nos. 3C, 3D & 3E, 3rd Floor, Queens Plaza, 1-8-382, Queens Plaza, S.P. Road, Secunderabad-500003, Telangana	Hyderabad	Telangana	Hyderabad
9	Bangalore	Unit Nos. 1001 - 1002, 10th Floor, A Block, Embassy Heights, 13, Magrath Road, Ashok Nagar, Bengaluru, 560025 Karnataka	Bangalore	Karnataka	Bangalore Rural



10	Gurgaon Tower B 7th Floor	7th Floor, DLF Infinity Towers, Tower B, Block 2, Building 3, DLF Cyber City, Gurgaon 122002, Haryana	Gurgaon	Haryana	Gurgaon
11	Coimbatore	Regus Business Center, Srivari Srimath, 3rd Floor, Door No-1045, Avinashi Road, Coimbatore-641018	Coimbatore	Tamil Nadu	Coimbatore
12	Lucknow	5th Floor, BBD Viraj Tower, Vibhuti Khand, Gomti Nagar, Lucknow - 226010	Lucknow	Uttar Pradesh	Lucknow
13	Jaipur	S3-S7, First Floor, Geejgarh Tower, Hawa Sadak, Civil Lines, Jaipur - 302006	Jaipur	Rajasthan	Jaipur
14	Chandigarh	SCO 171-172, Ground Floor, Madhya Marg, Sector - 8, Chandigarh	Chandigarh	Chandigarh	Chandigarh
15	Mumbai	CTS No.5436/B, 5437-A, 5433-C1, 5428,5429/1,5429/2, 5430 and 5436-C, Kolkalyan, Off CST Road, Kalina, Santacruz (East)- Mumbai 400098	Mumbai	Maharashtra	Mumbai suburban
16	Pune	SKYVISTA, Lohegaon, Vinman Nagar, Pune - 411014	Pune	Maharashtra	Pune



# S. Ramanand Aiyar & Co.

## CHARTERED ACCOUNTANTS

708 SURYA KIRAN 19 KASTURBA GANDHI MARG NEW DELHI 110 001  
Tels : 91 11 2331 9284 2335 2721 2331 1045 2335 1381  
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### Annexure - "3" to the Auditors' Report (Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of SBI Cards and Payment Services Private Limited ("the Company") as at 31 March 2018 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.



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Indore

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 control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018 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.

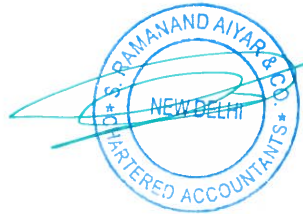
For S.Ramanand Aiyar & Co.  
Chartered Accountants  
Firm's Registration Number:000990N



R. Balasubramanian  
Partner  
Membership No. 080432

Place: New Delhi

Date : 30 APR 2018



# S. Ramanand Aiyar & Co.

## CHARTERED ACCOUNTANTS

708 SURYA KIRAN 19 KASTURBA GANDHI MARG NEW DELHI 110 001  
Tels : 91 11 2331 9284 2335 2721 2331 1045 2335 1381  
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sraiyar@yahoo.com, bala@sraco.in  
www.sraco.in

The Board of Directors  
SBI Cards and Payment Services Private Limited,  
DLF Infinity Towers,  
10<sup>th</sup> Floor,  
Gurgaon-India

### Non-Banking Financial Companies Auditors' Report (Reserve Bank Directions 1998)

In addition to our report made under section 143 of Companies Act, 2013 on the Accounts of SBI Cards and Payment Services Private Limited ("The Company") for the year ended 31 March 2018 and as required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998 issued by Reserve Bank of India on the matters specified in Para 3 & 4 of the said Directions to the 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 October 1998 having registration number 14.01328.
2. According to the information and explanations given to us, the Company is entitled to continue to hold COR in terms of its Assets/Income pattern as on 31 March 2018.
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 of Directors have passed the resolution not to accept public deposit during the year 1 April 2017 to 31 March 2018 at its Board Meeting held on 27 April 2017.
5. The Company has not accepted any deposit during the year ended 31 March 2018.
6. In our opinion and to the best of our information and according to explanations 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 and doubtful debts as applicable to it in terms of Non-Banking



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Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

7. The Capital Adequacy Ratio as at 31 March 2018 as disclosed in the Notes to Accounts has been correctly arrived at 17.19 which is in 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 30 June 2018.

The Report has been prepared by S. Ramanand Aiyar & Co., Chartered Accountants under the requirement of Non-Banking Financial Company Auditor's Report (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.

For S.Ramanand Aiyar & Co.  
Chartered Accountants  
Firm's Registration Number:000990N



R. Balasubramanian  
Partner  
Membership No. 080432

Place: New Delhi

Date: 30 APR 2018



**SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED**  
Balance Sheet as at 31 March 2018

(Amounts in Indian Rupees)

	Note no.	As at 31 March 2018	As at 31 March 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	7,850,000,020	7,850,000,020
Reserves and surplus	3	10,290,193,134	6,658,897,437
		<u>18,140,193,154</u>	<u>14,508,897,457</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	15,622,293,626	5,011,823,705
Long-term provisions	5	720,163,119	478,901,886
		<u>16,342,456,745</u>	<u>5,490,725,591</u>
<b>Current liabilities</b>			
Short-term borrowings	6	96,417,082,087	77,059,848,827
Trade payables	7		
a) total outstanding dues of micro enterprises and small enterprises		1,550,348	10,699,729
b) total outstanding dues of creditors other than micro enterprises and small enterprises		3,941,409,418	1,176,871,563
Other current liabilities	8	10,119,185,341	4,730,036,468
Short-term provisions	9	6,927,616,676	5,313,449,119
		<u>117,406,843,870</u>	<u>88,290,905,706</u>
		<u>151,889,493,769</u>	<u>108,290,528,754</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	46,856,058	36,142,023
Deferred tax asset (net)	11	1,977,533,024	1,281,065,167
Long-term loans and advances	12	13,744,892,059	6,775,837,224
Non-current Investments	13	10,010	10,010
Other non-current assets	14	2,700,000	200,000
		<u>15,771,991,151</u>	<u>8,093,254,424</u>
<b>Current assets</b>			
Current investments	15	-	-
Cash and bank balances	16	2,879,450,728	2,829,463,227
Short-term loans and advances	17	131,833,726,592	96,372,877,713
Other current assets	18	1,404,325,298	994,933,390
		<u>136,117,502,618</u>	<u>100,197,274,330</u>
		<u>151,889,493,769</u>	<u>108,290,528,754</u>

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 **S. Ramanand Aiyar & Co**  
Chartered Accountants  
Firm Registration No.: 000990N

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

**R. Balasubramanian**  
Partner  
Membership No: 080432



Date: **30 APR 2018**  
Place: **NEW DELHI**

Director  
DIN: **05102910**

**Nalin Negi**  
Chief Financial Officer

Date: **30-04-2018**  
Place: **Gurgaon**

Managing Director & CEO  
DIN: **08024303**

**Payal Mittal**  
Company Secretary

**SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED**  
**Statement of Profit and Loss for the Year Ended 31 March 2018**

(Amounts in Indian Rupees)

	Note no.	For the Year Ended 31 March 2018	For the Year Ended 31 March 2017
<b>INCOME</b>			
Revenue from operations	19	49,655,679,685	32,386,468,756
Other incomes	20	1,787,902,108	1,244,499,727
<b>Total Income</b>		<b>51,443,581,793</b>	<b>33,630,968,483</b>
<b>EXPENDITURE</b>			
Employee benefit expenses	21	1,394,356,591	1,011,383,217
Finance costs	22	7,012,730,505	5,215,845,249
Depreciation and Amortisation expenses		11,927,721	10,449,727
Operating and other expenses	23	30,278,354,324	17,865,855,645
CSR Expenses	24	90,867,130	70,389,782
Bad debts written off / Provision for doubtful debt	25	7,097,480,722	3,472,459,611
<b>Total expenses</b>		<b>45,885,716,993</b>	<b>27,646,383,231</b>
<b>Profit before tax</b>		<b>5,557,864,800</b>	<b>5,984,585,252</b>
<b>Tax expense</b>			
Current tax charge / (credit)		2,768,313,532	2,322,568,663
Current tax charge / (credit) - previous period		(145,276,572)	(11,255,186)
MAT Credit		-	178,058,994
MAT previous year			(29,832,865)
Deferred tax charge / (credit)		(848,380,086)	(420,106,379)
Deferred tax charge / (credit) - previous year		151,912,229	41,074,181
		<b>1,926,569,103</b>	<b>2,080,507,408</b>
<b>Profit after tax</b>		<b>3,631,295,697</b>	<b>3,904,077,844</b>
<b>Earnings per equity share</b>			
	33		
Basic and diluted earning per share		4.63	4.97
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 S. Ramanand Aiyar & Co**  
Chartered Accountants  
Firm Registration No.: 000990N

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

**R. Balasubramanian**  
Partner  
Membership No: 080432



Date:  
Place:

**30 APR 2018**  
**NEW DELHI**

*[Signature]*  
Director  
DIN: 05102910

*[Signature]*  
Nalin Megh  
Chief Financial Officer

Date: **30-04-2018**  
Place: **Gurgaon**

*[Signature]*  
Managing Director & CEO  
DIN: 08024303

*[Signature]*  
Payal Mittal  
Company Secretary

*[Signature]*

**SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED**  
**Cash Flow Statement for the Year Ended 31 March 2018**

(Amounts in Indian Rupees)

	For the Year Ended 31 March 2018	For the Year Ended 31 March 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	5,557,864,800	5,984,585,252
Adjustments for :		
Depreciation	11,927,721	10,449,727
(Profit)/ Loss on sale of assets (net)	1,630,144	(93,945)
Employees stock options	-	(764,041)
Liabilities written back	(15,665,952)	(21,742,653)
Bad debts written off / provision for doubtful debts	7,097,480,722	3,472,459,611
Interest on fixed deposits	-	(59,095)
Provision for other doubtful advances	5,485,997	(6,220,988)
Unamortised membership fees	516,136,896	440,489,681
Profit on sale of Investment	(5,371,828)	(4,337,850)
Debenture issue expenses expensed off during the period	4,444,975	7,587,712
Amortisation of Interest on commercial papers	4,829,071,675	4,662,368,529
Amortization of Forward Contract Premium on Foreign Currency loans	273,106,616	-
Lease equalization reserve	1,490,651	918,784
Commercial paper issuing cost	44,529,000	50,686,575
Interest on debentures	1,031,736,575	396,327,318
Interest on cash credit	700,085,470	156,738,406
Interest on FCNR borrowings	178,730,169	-
Unrealised foreign exchange (Gain)/loss (net)	34,301,268	(3,830,105)
	<b>14,709,120,099</b>	<b>9,160,977,666</b>
<b>Operating profit before working capital changes</b>	<b>20,266,984,899</b>	<b>15,145,562,918</b>
Adjustment for changes in working capital		
(Increase)/ decrease in long and short-term loans and advances	(47,184,065,509)	(32,251,442,076)
(Increase)/ decrease in other non current assets	(2,500,000)	-
(Increase)/ decrease in other current assets	(409,391,907)	(318,613,711)
Increase/ (decrease) in trade Payables	2,755,388,474	328,623,267
Increase/ (decrease) in other current Liabilities	3,914,119,709	969,363,103
Increase/ (decrease) in long & short-term provisions	285,279,881	1,483,298,620
	<b>(40,641,169,352)</b>	<b>(29,788,770,797)</b>
<b>Cash from/ (used) in operations</b>	<b>(20,374,184,453)</b>	<b>(14,643,207,879)</b>
Finance Cost Paid:		
- Interest on cash credit	(700,085,470)	(156,738,406)
- Commercial paper issuing cost	(44,529,000)	(50,686,575)
- Interest paid on FCNR borrowings	(169,607,028)	-
- Interest paid on debentures	(475,926,858)	(323,289,177)
- Interest paid on commercial papers	(5,221,621,150)	(4,492,253,250)
	<b>(6,611,769,506)</b>	<b>(5,022,967,408)</b>
<b>Cash generated from operating activities before taxes</b>	<b>(26,985,953,959)</b>	<b>(19,666,175,287)</b>
Direct taxes paid (net of refunds)	(2,461,330,420)	(2,304,466,155)
<b>Net cash generated/ (used) in operating activities</b>	<b>(29,447,284,379)</b>	<b>(21,970,641,442)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (except assets taken on lease)	(1,413,696)	(15,439,965)
Investment purchased	(14,300,000,000)	(12,700,010,010)
Investment sold	14,305,371,828	12,704,337,849
Sale of assets	1,255,847	2,630,851
<b>Net cash from investing activities</b>	<b>5,213,979</b>	<b>(8,481,275)</b>



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**SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED**  
**Cash Flow Statement for the Year Ended 31 March 2018**

(Amounts in Indian Rupees)

	For the Year Ended 31 March 2018	For the Year Ended 31 March 2017
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Foreign currency borrowing raised/repaid during the year	9,720,059,016	-
Cash credit raised/ (repaid) during the year	61,349,530,719	(26,380,747,374)
Finance lease paid during the year	(12,917,302)	(10,829,111)
Debentures issued/(repaid) during the year	10,700,000,000	2,000,000,000
Commercial papers raised/(repaid) during the year	(51,319,807,000)	47,400,558,250
Interim dividend paid	(944,807,532)	(785,000,002)
Tax on dividend	-	(159,807,530)
<b>Net cash from/ (used) in financing activities</b>	<b>29,492,057,901</b>	<b>22,064,174,233</b>
<b>D. Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>49,987,501</b>	<b>85,051,516</b>
<b>Cash and bank balances as at the beginning of the year</b>	<b>2,829,463,227</b>	<b>2,744,411,711</b>
<b>Cash and bank balances as at the end of the year</b>	<b>2,879,450,728</b>	<b>2,829,463,227</b>
	<b>49,987,501</b>	<b>85,051,516</b>

**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	51,430,247
- Funds in transit (Lying in nodal account of intermediatary/payment gateway aggregator)	2,475,954,777
- Deposit accounts	-
Cash and cash equivalents at the end of the period	2,527,385,024
Add : Earmarked balances with bank	352,065,704
Cash and bank balances at the end of the period	2,879,450,728

As per our report of even date attached.

**For S. Ramanand Aiyar & Co**  
Chartered Accountants  
Firm Registration No.: 000990N

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

**R. Balasubramanian**  
Partner  
Membership No: 080432

Director  
DIN: 05102910

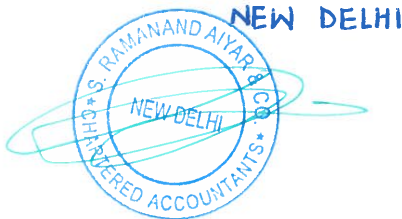
Managing Director & CEO  
DIN: 08024303

Nalin Negi  
Chief Financial Officer

Payal Mittal  
Company Secretary

Date: **30 APR 2018**  
Place: **NEW DELHI**

Date: **30-04-2018**  
Place: **Gurgaon**



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

**Notes forming part of the financial statements**

**Significant accounting policies and notes to accounts**

**Background**

SBI Cards and Payment Services Private Limited ('the Company') is an unlisted non-deposit accepting systemically important non-banking financial company ('NBFC-ND-SI') registered with the Reserve Bank of India ('RBI'). The Company was incorporated as a joint venture between State Bank of India and GE Capital Mauritius Overseas Investment. On 15th December 2017, GE Capital Mauritius Overseas Investments has sold its 40% stake in the company to State Bank of India (14%) and CA Rover Holdings (26%). 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 31 March 2019.

**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.
- Interest Income on EMI based advances is recognised over the tenure of advances.
- Interest income on non-performing advances (NPA), 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.
- All other service income/ fees are recorded at the time of occurrence of the respective events.
- Income from membership fees and services on non-performing advances (NPA), is recognised upon realisation only. Income derecognised on NPAs is netted off from total income.

**(iii) Interchange Income**

Interchange income is recognised on accrual basis.

**(iv) 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.

**(v) 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.

**(vi) 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**

Customers having overdue from 91 to 180 days ((i.e. 180 days from Statement Date) from payment due date and customers whose outstanding have been restructured are considered as Non-performing assets (NPA's). Provision @ 100% is created on principle amount outstanding of NPA assets and restructures advances. In case of fraud cases 100% provision is made on amount outstanding.

The accounts of the customers which are overdue from 0-90 days from payment due date (except restructured advances) are classified as Standard assets. Provision @ 0.40% is created on Standard assets.

Customers having overdue of 181 days or more from payment due date is written off.

**e. Provision on Standard Assets**

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



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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**

**f. Expenditure**

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

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

**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.



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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**

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

**j. Investments**

Investments 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



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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**

only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

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

**a) Transactions in foreign exchange**

Transactions in foreign currency are recorded using the exchange rate prevailing on the date of respective transaction/ applicable rate of exchange as per generally accepted accounting principles. Exchange difference arising on settlement of foreign currency transactions is recognized in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies and remaining unsettled as at the Balance Sheet date are translated using the closing exchange rates on that date and the resultant net exchange difference is recognized in the Statement of Profit and Loss.

**b) Forward contracts and other hedging instruments in foreign currencies**

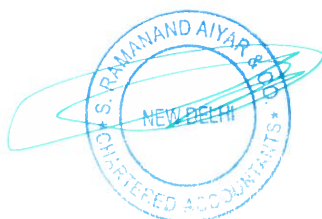
The Company uses foreign exchange forward contracts and other hedging instruments to hedge its exposure to movements in foreign exchange rates. The use of these instruments reduces the risk or cost to the Company and the Company does not use these for trading or speculation purposes. Exchange differences on forward contracts are recognized in the statement of profit and loss in the reporting period in which the exchange rates change and the premium/discount arising on these instruments is accounted for as expense/income over the period of the contract.

**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.



**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**

*Defined contribution plans*

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

*Defined benefit plans*

*Gratuity*

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

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

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

*Long Service Award*

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

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.



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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**

**o. 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 merchandize. 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.

**p. 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.

**q. 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.

**r. 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



**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

**2. Share Capital**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Authorised</b> 1,000,000,000 (Previous year 1,000,000,000) equity shares of Rs.10 each	10,000,000,000	10,000,000,000
<b>Issued, subscribed and fully paid-up</b> 785,000,002 ( Previous year 785,000,002) equity shares of Rs.10 each	7,850,000,020	7,850,000,020
<b>Total</b>	<b>7,850,000,020</b>	<b>7,850,000,020</b>

**a) Shares held by holding/ultimate holding company and/or their subsidiaries/associates**

580,900,001 (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**

Particulars	As at 31 March 2018	As at 31 March 2017
Equity shares of Rs. 10 each fully paid up 580,900,001 (Previous Year 471,000,002) held by State Bank of India	74%	60%
204,100,001 (Previous year NIL) held by CA Rover Holdings	26%	0%
NIL (Previous year 314,000,000) held by GE Capital Mauritius Overseas Investment	0%	40%

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

Particulars	As at 31 March 2018	As at 31 March 2017
At the beginning of the year	7,850,000,020	7,850,000,020
Add: Issued during the year	-	-
At the end of the year	<b>7,850,000,020</b>	<b>7,850,000,020</b>

**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.



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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

**3. Reserves and Surplus**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>General Reserve</b>		
At the beginning of the year	47,661,018	47,661,018
Add: Transferred from Profit and Loss Account	-	-
Add: Transferred from Capital Reserve	4,135,927	-
Less: Utilized During the year	-	-
At the end of the year	<b>51,796,945</b>	<b>47,661,018</b>
<b>Capital Reserve [(Share based employee compensation cost)]</b>		
At the beginning of the year	4,135,927	4,899,968
Add: Share based Employee compensation cost for the year	-	-
Less: Utilized During the year	-	(764,041)
Less: Transferred to General Reserve	(4,135,927)	-
At the end of the year	<b>-</b>	<b>4,135,927</b>
<b>Statutory reserve under Section 45-IC of the Reserve Bank of India Act, 1934 (Refer to note 36)</b>		
At the beginning of the year	3,203,755,029	2,422,939,460
Add: Transferred from Profit and Loss Account @ 20%	726,259,139	780,815,569
At the end of the year	<b>3,930,014,168</b>	<b>3,203,755,029</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	3,403,345,463	1,224,890,720
Add: Profit for the year	3,631,295,697	3,904,077,844
<b>Less: Appropriations</b>		
Transfer to Statutory Reserves during the year	(726,259,139)	(780,815,569)
Interim equity dividend (Current year NIL (previous year Rs. 1 per share)	-	(785,000,002)
Tax on Interim equity dividend	-	(159,807,530)
Balance at the end of the year	<b>6,308,382,021</b>	<b>3,403,345,463</b>
<b>Total</b>	<b>10,290,193,134</b>	<b>6,658,897,437</b>

**Share-Based Compensation (amounts in absolute)**

Effective 15<sup>th</sup> December 2017, GE Capital Mauritius Overseas Investment sold its 14% stake in the company to State Bank of India and 26% stake in the company to CA Rover Holdings (26%). Consequently no amount in relation to share based compensation is payable to GE Capital. Therefore, the stock options ceased to exist in books as on 31 March 2018. Accordingly, the share based employee compensation cost in Capital Reserve of Rs. 4,135,927 is transferred to General Reserve. Additionally, short term provision of Rs. 1,199,951 and long term provision of Rs. 127,797 stands extinguished and has been written back during the year to the Profit and Loss account, under the head 'liabilities/ provision written back'.



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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**

With respect to the stock options existed till 15<sup>th</sup> December 2017, 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 applied 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 were entitled to shares of General Electric Company, USA, under an equity-settled share-based compensation plan. Details of these plans are given below.

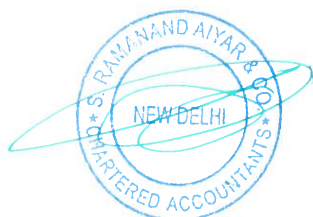
The General Electric Company, USA, adopted the 2007 Long-term Incentive Plan ("the option plan") under which an initial amount of common stock was reserved for issuance to employees. Options granted under the Option Plan could be stock options, restricted stock units (RSU) or performance stock units (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 2018 amounts to Rs. 0 (Previous year Rs. (1,898,046).

Following stock options were granted during the year ended 31 March 2018.

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

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



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

**Significant accounting policies and notes to accounts**

A summary of activity under the Option plan for the year ended 31 March 2018 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	11,150	21.81	5.22	-	-	-
Granted during the year	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	1,000	20.22	-	-	-	-
Deletion: Transferred to other GE companies	-	-	-	-	-	-
Addition: Transferred from other GE companies	-	-	-	-	-	-
Lapsed during the year	10,150	-	-	-	-	-
Outstanding at the end of the year	-	-	-	-	-	-
Exercisable at the end of the year	-	-	-	-	-	-

\* 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 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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**Notes forming part of the financial statements**

**Significant accounting policies and notes to accounts**

<b>Grant date</b>	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.



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

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**4. Long term borrowings**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Debentures</b>		
9.85% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in March, 2019)	-	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
7.55% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in August, 2020)	5,000,000,000	-
8.10% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in May, 2021)	1,100,000,000	-
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	2,000,000,000
8.30% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in May, 2023)	5,000,000,000	-
	<b>15,600,000,000</b>	<b>5,000,000,000</b>
Finance lease obligation (secured by way of hypothecation of vehicles taken on finance lease) (Refer to note 32)	22,293,626	11,823,705
<b>Total</b>	<b>15,622,293,626</b>	<b>5,011,823,705</b>

**5. Long-term provisions**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Provision for employee benefits</b>		
Compensated absences (Refer to Note 41)	37,387,525	27,025,108
Long Service Awards (Refer to Note 42)	13,697,561	6,618,445
Employee Stock option Outstanding (Refer to Note 3)	-	127,797
	<b>51,085,086</b>	<b>33,771,350</b>
Provision for reward points redemption (Refer to Note 27)	614,758,324	415,016,219
Provision on Standard assets [Refer to Note 1(e)]	54,319,709	25,878,713
Provision for other taxes	-	4,235,604
	<b>669,078,033</b>	<b>445,130,536</b>
<b>Total</b>	<b>720,163,119</b>	<b>478,901,886</b>



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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

**6. Short-term borrowings**

Particulars	As at 31 March 2018	As at 31 March 2017
Secured working capital loans		
From banks (Related Parties) <sup>1,2</sup>	63,302,718,939	1,953,188,220
Foreign currency Loan (Related Parties)	9,720,059,016	-
Secured Commercial papers-From Bank( Related Parties) <sup>1,2</sup>		
Face Value	15,000,000,000	
Less: Unexpired Discount	248,624,169	
	14,751,375,831	69,644,347,665
Unsecured Commercial papers from other <sup>2</sup>		
Face Value	8,750,000,000	
Less: Unexpired Discount	107,071,699	
	8,642,928,301	5,462,312,942
<b>Total</b>	<b>96,417,082,087</b>	<b>77,059,848,827</b>

<sup>1</sup>Secured 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,

<sup>2</sup>. Interest rate on working capital loan ranges from 7.80% to 8.00% p.a., for commercial paper ranges from 6.90% to 7.92% p.a. and for FCNR (including hedge cost) ranges from 7.60% to 7.85% p.a.

**7. Trade Payables**

Particulars	As at 31 March 2018	As at 31 March 2017
Sundry Creditors		
a) total outstanding dues of micro enterprises and small enterprises	1,550,348	10,699,729
b) total outstanding dues of creditors other than micro enterprises and small enterprises	3,203,402,115	597,779,546
	<b>3,204,952,463</b>	<b>608,479,275</b>
Sundry Creditors - Payable to related party (Refer to Note 31)	738,007,303	579,092,017
<b>Total</b>	<b>3,942,959,766</b>	<b>1,187,571,292</b>

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



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

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**8. Other current liabilities**

Particulars	As at 31 March 2018	As at 31 March 2017
Interest accrued but not due	701,947,251	146,137,534
Finance lease obligation (secured by way of hypothecation of vehicles taken on finance lease) (Refer to Note 32)	8,543,801	7,816,974
9.85% Unsecured non-convertible debenture of Rs 1,000,000 each (Redeemable at par in March, 2019), Previous Year 9.95% Unsecured non-convertible debenture of Rs 1,000,000 each redeemed in January 2018	500,000,000	400,000,000
Unamortised membership fees	1,797,868,257	1,281,731,361
Other liabilities*	5,795,554,899	2,740,202,061
Statutory liabilities	1,315,271,133	152,365,793
Payable for Capital expenditure	-	1,782,745
<b>Total</b>	<b>10,119,185,341</b>	<b>4,730,036,468</b>

\* Includes Rs. 4,344,368,309 (Previous Year Rs. 1,871,328,558) payable to Network Partners.

**9. Short-term provisions**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Provision for employee benefits</b>		
Gratuity (Refer to Note 40)	64,600,048	31,987,063
Compensated absences (Refer to Note 41)	9,412,525	7,691,262
Long Service Awards (Refer to Note 42)	1,714,906	1,823,444
Employee Stock option Outstanding (Refer to Note 3)	-	1,199,951
Bonus & Incentive Payable	128,772,317	90,184,109
	<b>204,499,796</b>	<b>132,885,829</b>
Provision for reward points redemption (Refer to Note 27)	2,547,877,876	1,885,559,384
Provision on Standard assets [Refer to Note 1(e)]	514,027,278	378,452,080
Provision for doubtful debts	2,950,834,526	435,878,085
Provision for expenses	703,380,500	1,472,851,516
Provision for expenses - Related Party (Refer to Note 31)	6,996,700	63,014,693
Interim equity dividend	-	785,000,002
Provision for tax on interim equity dividend	-	159,807,530
	<b>6,723,116,880</b>	<b>5,180,563,290</b>
<b>Total</b>	<b>6,927,616,676</b>	<b>5,313,449,119</b>



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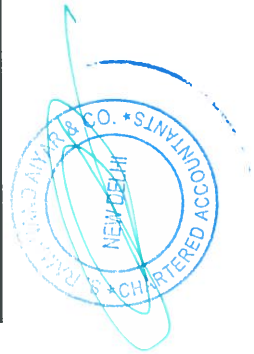
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**SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED**  
(All amounts in Indian Rupees)

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

**10. Tangible assets**

Particulars	Furniture and fixtures	Vehicles on Finance Lease	Office equipment	Owned Vehicles	Leasehold improvements	Computer	TOTAL
<b>Cost</b>							
At 01.04.2016	1,907,119	50,939,394	1,476,123	1,354,581	-	283,025	55,960,242
Additions	984,148	13,041,408	131,638	-	14,123,478	200,701	28,481,373
Disposals	-	30,399,918	82,350	-	-	78,937	30,561,205
<b>At 31.03.2017</b>	<b>2,891,267</b>	<b>33,580,884</b>	<b>1,525,411</b>	<b>1,354,581</b>	<b>14,123,478</b>	<b>404,789</b>	<b>53,880,410</b>
At 01.04.2017	2,891,267	33,580,884	1,525,411	1,354,581	14,123,478	404,789	53,880,410
Additions	672,838	32,815,490	740,858	-	-	-	34,229,186
Disposals	1,498,311	17,761,514	389,941	1,354,581	838,933	286,388	22,129,668
<b>At 31.03.2018</b>	<b>2,065,794</b>	<b>48,634,860</b>	<b>1,876,328</b>	<b>-</b>	<b>13,284,545</b>	<b>118,401</b>	<b>65,979,928</b>
<b>Depreciation</b>							
At 01.04.2016	316,311	33,281,162	1,281,641	296,315	-	137,530	35,312,959
Charge for the period	248,582	8,700,195	118,278	169,323	1,131,168	82,181	10,449,727
Disposals	-	27,964,073	44,877	-	-	15,349	28,024,299
<b>At 31.03.2017</b>	<b>564,893</b>	<b>14,017,284</b>	<b>1,355,042</b>	<b>465,638</b>	<b>1,131,168</b>	<b>204,362</b>	<b>17,738,387</b>
At 01.04.2017	564,893	14,017,284	1,355,042	465,638	1,131,168	204,362	17,738,387
Charge for the year	281,524	9,328,937	122,887	126,992	2,004,929	62,451	11,927,721
Disposals	432,900	9,060,074	279,417	592,630	-	177,216	10,542,237
<b>At 31.03.2018</b>	<b>413,517</b>	<b>14,286,147</b>	<b>1,198,512</b>	<b>-</b>	<b>3,136,097</b>	<b>89,597</b>	<b>19,123,870</b>
<b>Net Block</b>							
At 31.03.2018	1,652,277	34,348,713	677,816	-	10,148,448	28,804	46,856,058
<b>At 31.03.2017</b>	<b>2,326,374</b>	<b>19,563,600</b>	<b>170,369</b>	<b>888,943</b>	<b>12,992,310</b>	<b>200,427</b>	<b>36,142,023</b>



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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

**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 2018 is as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Deferred tax assets</b>		
Provision for doubtful debts	1,085,655,403	292,707,238
Staff benefits and Statutory Dues u/s 43B	21,739,542	16,162,099
Provision for Expenses	247,933,169	531,532,668
Membership Fees	628,247,084	443,581,589
Depreciation and others	1,440,621	900,445
<b>Total deferred tax assets</b>	<b>1,985,015,819</b>	<b>1,284,884,039</b>
<b>Deferred tax liabilities:</b>		
Debenture issue expenses	7,482,795	3,818,872
<b>Total deferred tax liabilities</b>	<b>7,482,795</b>	<b>3,818,872</b>
<b>Net deferred tax asset</b>	<b>1,977,533,024</b>	<b>1,281,065,167</b>

**12. Long-term loans and advances**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Security deposits</b>		
Unsecured, considered good	49,079,329	28,567,052
	<b>49,079,329</b>	<b>28,567,052</b>
<b>Loans and advances to customers</b>		
Secured Considered good ( Secured by Lien on Fixed deposits & financial gurantee)	90,268,194	122,111,536
Unsecured, considered good	13,489,659,074	6,347,566,634
	<b>13,579,927,268</b>	<b>6,469,678,170</b>
<b>Other loans and advances</b>		
Advance tax including tax deducted at source (Net of provision for tax)	115,885,462	277,592,002
	<b>115,885,462</b>	<b>277,592,002</b>
<b>Total</b>	<b>13,744,892,059</b>	<b>6,775,837,224</b>



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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

**13. Non-Current Investment**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unquoted Equity Shares</b>		
Investment in SBI Foundation (1,001 equity shares of Rs.10 each)	10,010	10,010
<b>Total</b>	<b>10,010</b>	<b>10,010</b>

**14. Other non-current assets**

Particulars	As at 31 March 2018	As at 31 March 2017
Fixed Deposits with maturity greater than 12 months (under Lien for guarantees issued to Tax Authorities, UIDAI)	2,700,000	200,000
<b>Total</b>	<b>2,700,000</b>	<b>200,000</b>

**15. Current Investment**

During the year ending 31<sup>st</sup> March, 2018, 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	3,589,262	6,650,000,000	6,652,883,055
HDFC Liquid Fund - Direct Plan - Growth	785,284	2,600,000,000	2,600,621,068
ICICI Liquid Fund - Direct Plan - Growth	12,786,569	3,150,000,000	3,151,130,322
SBI Premier Liquid Fund - Direct Plan - Growth	715,075	1,900,000,000	1,900,737,383
<b>Total</b>	<b>17,876,190</b>	<b>14,300,000,000</b>	<b>14,305,371,828</b>

The details of units purchased and sold during the previous year ending 31<sup>st</sup> March, 2017 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
<b>Total</b>	<b>17,273,323</b>	<b>12,700,000,000</b>	<b>12,704,337,850</b>



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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

**16. Cash and bank balances**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Cash and cash equivalents</b>		
Balance with banks in Current accounts* :	51,430,247	73,028,189
Funds in transit (Lying in nodal account of intermediatery/payment gateway aggregator)	2,475,954,777	1,674,190,445
	<b>2,527,385,024</b>	<b>1,747,218,634</b>
<b>Other bank balances</b>		
Earmarked balances with banks	352,065,704	1,082,244,593
<b>Total</b>	<b>2,879,450,728</b>	<b>2,829,463,227</b>

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

**17. Short-term loans and advances**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Loans &amp; advances to Customers</b>		
Secured Considered good ( Secured by Lien on Fixed deposits & financial gurantee)	2,539,060,862	2,694,559,384
Unsecured, considered good	125,967,758,567	91,918,460,665
Unsecured, considered doubtful	2,950,834,526	1,677,475,055
	<b>131,457,653,955</b>	<b>96,290,495,104</b>
<b>Other Advances</b>		
To Vendors ( Unsecured, considered good)	66,808,695	19,787,140
To Vendors ( Unsecured, considered doubtful)	732,504	50,224
Other Advances to related party	114,563,068	-
Prepaid expenses	194,700,874	62,595,469
	<b>376,805,141</b>	<b>82,432,833</b>
Less: Provision for doubtful advances	(732,504)	(50,224)
<b>Total</b>	<b>131,833,726,592</b>	<b>96,372,877,713</b>

**18. Other current assets**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unsecured considered good, unless otherwise stated</b>		
Other receivable	821,944,198	934,703,772
Service tax/GST recoverable*	582,381,100	60,229,618
Other receivable, considered doubtful	10,323,736	5,520,019
	<b>1,414,649,034</b>	<b>1,000,453,409</b>
Less: Provision for doubtful advances	(10,323,736)	(5,520,019)
<b>Total</b>	<b>1,404,325,298</b>	<b>994,933,390</b>

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



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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

**19. Revenue from Operations**

Particulars	For the Year Ended 31 March 2018	For the Year Ended 31 March 2017
Income from membership fees and services	21,763,103,599	13,183,114,967
Interest income	25,757,028,841	17,677,193,873
Service Charges	710,741,268	487,444,079
Business development incentive income	1,352,053,152	990,820,778
Insurance commission income	72,752,825	47,895,059
<b>Total</b>	<b>49,655,679,685</b>	<b>32,386,468,756</b>

**20. Other income**

Particulars	For the Year Ended 31 March 2018	For the Year Ended 31 March 2017
Profit on sale of Investment	5,371,828	4,337,850
Bad Debts Recovered	1,732,547,564	1,218,360,128
Interest Income on Income tax refund and Fixed deposit	34,316,764	59,095
Liabilities / Provision written back	15,665,952	21,742,653
<b>Total</b>	<b>1,787,902,108</b>	<b>1,244,499,726</b>

**21. Employee benefit expenses \***

Particulars	For the Year Ended 31 March 2018	For the Year Ended 31 March 2017
Salaries and other allowances	1,179,060,182	868,028,694
Employee stock option expense (Refer to Note 3)	-	(1,898,046)
Staff welfare expenses	134,926,477	78,240,524
Contribution to provident fund	45,830,027	34,654,344
Contribution to other funds	34,539,905	32,357,701
<b>Total</b>	<b>1,394,356,591</b>	<b>1,011,383,217</b>

\* Employee benefit expenses includes year end provision for FY 2017-18 amounting to Rs. 18,245,399 and reversal of year end provision for FY 2016-17 amounting to Rs 166,657,179.



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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

**22. Finance cost**

Particulars	For the Year Ended 31 March 2018	For the Year Ended 31 March 2017
Interest on Debentures	1,031,736,575	396,327,318
Interest on Working Capital loans (Secured)	700,085,470	156,738,406
Interest on Foreign currency loans (Secured)	178,730,169	-
Amortization of Forward Contract Premium on Foreign Currency loans	273,106,616	-
Discounting charges on Commercial papers (Secured)	3,199,974,673	4,275,613,149
Discounting charges on Commercial papers (Unsecured)	1,629,097,002	386,755,380
Other Interest	-	410,996
<b>Total</b>	<b>7,012,730,505</b>	<b>5,215,845,249</b>

**23. Operating and other expenses\***

Particulars	For the Year Ended 31 March 2018	For the Year Ended 31 March 2017
Consumption of plastic cards	364,307,336	193,411,095
Rent and hire charges	106,824,093	68,394,927
Travelling and conveyance	135,800,130	94,528,564
Cash advance service charges	24,813,346	17,653,880
Telephone, fax and postage	440,076,794	279,777,519
VISA / Master Card transaction charges	2,080,748,206	1,358,935,120
Advertisement	485,496,278	264,796,874
Sales Promotion	13,600,129,400	6,400,037,924
Insurance expense	22,091,155	15,525,426
Professional & Consulting fees	1,018,019,326	459,325,105
Processing Charges	6,575,582,207	4,620,620,353
Rates and taxes	1,751,948	7,918,669
Collection & Recovery charges	1,398,661,778	1,039,846,986
Repairs and maintenance-others	46,679,983	48,357,919
Auditor's remuneration (Refer to Note 26)	3,955,000	3,455,000
Power and fuel	30,821,563	25,152,852
Printing, stationery and office supplies	461,151,492	196,439,506
Royalty Expenses	72,625,910	78,081,557
Reward points redemption	3,042,356,056	2,250,423,386
Surcharge Waiver to Customer	246,055,658	360,578,222
Bank & Borrowing related charges	71,554,261	67,377,948
Loss/(Gain) on exchange fluctuation	34,301,268	(3,830,105)
Loss/(Gain) on sale of fixed assets	1,630,144	(93,945)
Other Advances written off / provision for doubtful advances	10,108,973	15,208,627
Other Expenses	2,812,019	3,932,235
<b>Total</b>	<b>30,278,354,324</b>	<b>17,865,855,645</b>

\* Operating & other expenses includes year end provision for FY 2017-18 amounting to Rs. 691,270,049 and reversal of year end provision for FY 2016-17 amounting to Rs 1,535,866,209.



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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**

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 90,867,130 (Previous year 70,389,782).

(b) Amount spent during the year on:

Particulars	For the year ended 31 March 2018		For the year ended 31 March 2017	
	In Cash	Yet to be paid in cash	In Cash	Yet to be paid in cash
(i) Construction/Acquisition of Assets	20,137,844	-	7,734,467	-
(ii) On purposes other than (i) above	70,729,286	-	62,655,315	-
<b>Total</b>	<b>90,867,130</b>	<b>-</b>	<b>70,389,782</b>	<b>-</b>

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Bad debts written off	4,418,508,087	3,291,541,226
Provision for standand assets	164,016,194	114,360,064
Provision for restructured standard assets	23,235,074	(44,345,101)
Provision for doubtful advances*	2,494,886,467	93,136,311
Provision for fraud movement	(3,165,100)	17,767,111
<b>Total</b>	<b>7,097,480,722</b>	<b>3,472,459,611</b>

\* Refer Note 46 for change in accounting policy on provision for credit losses.

26. **Auditors' remuneration (excluding GST/Service tax)**

Professional fee includes auditors' remuneration as follows:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Audit fee	2,200,000	2,200,000
Quarterly Limited Review fee	450,000	450,000
Tax audit fee	250,000	250,000
Fee for other services	350,000	350,000
Reimbursement of expenses	205,000	205,000
Audit fee for valuation purposes under Income Tax Act, 1961	500,000	-
<b>Total</b>	<b>3,955,000</b>	<b>3,455,000</b>



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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**

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	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>a. Provision at the beginning of the year</b>	2,300,575,604	1,532,288,907
b. Additions made during the year	3,357,822,034	2,247,006,455
c. Interest Cost for the period	78,333,898	68,406,752
d. Amount redeemed/Paid during the year	(2,180,295,461)	(1,482,136,689)
e. Amounts lapsed during the year	(756,533,605)	(533,453,496)
f. Actuarial Gain / (Loss)	374,209,927	437,553,374
g. Movement on account of unpaid vendor liability	(11,476,197)	30,910,301
<b>h. Provision at the end of the year (a+b+c+d+e+f+g)</b>	<b>3,162,636,200</b>	<b>2,300,575,604</b>

\* Provision for reward points as at 31 March 2018 of Rs. 3,162,636,200 (previous year Rs. 2,300,575,604) includes provision as per actuarial valuation of Rs. 3,016,952,264 (previous year Rs. 2,143,415,472) and provision for unpaid claims of Rs. 145,683,936 (previous year Rs. 157,160,132)

**Legal Claims:**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>a. Provision at the beginning of the year</b>	1,185,625	2,656,037
b. Additions / (Reduction) made during the year	2,220,443	(1,009,011)
c. Amount Paid during the year	845,115	461,401
<b>d. Provision at the end of the year (a+b-c)</b>	<b>2,560,954</b>	<b>1,185,625</b>

**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.



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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

**29. Income and expenditure in foreign currency**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Expenditure in foreign currency (on accrual basis)</b>		
Network and other service charges	1,481,892,777	939,501,367
Others	24,381,606	46,936,095
Finance Cost	178,730,169	-
<b>Income in foreign currency (on accrual basis)</b>		
Business development incentive & Interchange income	1,416,174,443	1,041,003,974

**30. Dividend to be remitted in foreign currency**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Number of equity shares held on which Interim dividend is to be remitted	0	314,000,000
Period to which Interim dividend relates to	-	FY 2016-17
Number of non-resident shareholders	0	1
Amount to be remitted	0	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 Mauritius Overseas Investments (Till 15 December 2017)

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

- CA Rover Holdings (from 15 December 2017)

*iv. Fellow subsidiaries and entities*

- SBI Capital Markets Ltd.
- SBICAP Securities Ltd.
- SBICAP Trustee Company Ltd.
- SBICAP Ventures Ltd.
- SBICAP (Singapore) Ltd.



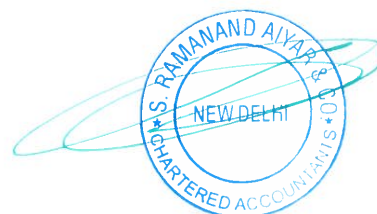
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**SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED**  
(All amounts in Indian Rupees)

**Notes forming part of the financial statements**

**Significant accounting policies and notes to accounts**

- SBICAP (UK) Ltd.
- SBI DFHI Ltd.
- SBI Global Factors Ltd.
- SBI Infra Management Solutions Private Limited
- SBI Mutual Fund Trustee Company Pvt Ltd.
- SBI Payment Services Pvt. Ltd.
- SBI Pension Funds Pvt Ltd.
- SBI Business Process Management Services Private Ltd. (Erstwhile known as GE Capital Business Process Management Services Pvt Ltd.)
- SBI General Insurance Company Ltd.
- SBI Life Insurance Company Ltd.
- SBI-SG Global Securities Services Pvt. Ltd.
- SBI Funds Management Pvt. Ltd.
- SBI Funds Management (International) Private Ltd.
- Commercial Indo Bank Llc , Moscow
- Bank SBI Botswana Limited
- SBI Canada Bank
- State Bank of India (California)
- State Bank of India Services Limitada (Brazil)
- SBI (Mauritius) Ltd.
- PT Bank SBI Indonesia
- Nepal SBI Bank Ltd.
- Nepal SBI Merchant Banking 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 – Management Company Pvt. Ltd.
- Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.
- Jio Payments Bank Ltd.
- SBI Foundation (not for Profit Company)
- SBI Home Finance Ltd.
- Carlyle Asia Partners (from 15 December 2017)



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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**

- Carlyle India Advisors Private Limited (from 15 December 2017)

v. *Entity under common significant influence*

- SBI Business Process Management Services Private Limited
- GE India Industrial Private Limited (till 25 October 2017)
- Wipro GE Healthcare Private Limited (till 19 May 2017)
- Sunil DRU LLC, Delaware, USA (from 15 December 2017)
- Southern Bottlers Private Limited (from 15 December 2017)
- Punjab Beverages Private Limited (from 15 December 2017)

vi. *Key management personnel*

- Mr. Hardayal Prasad, MD and CEO (from 01 February 2018)
- Mr. Nalin Negi, CFO (From 01 September 2017)
- Mr. Vijay Jasuja, CEO (from 01 April 2017 till 14 December 2017), MD and CEO (from 15 December 2017 till 31 January 2018)
- Mr. Praveen Kumar Singh, CFO (till 31 August 2017)
- Ms. Payal Mittal, Company Secretary



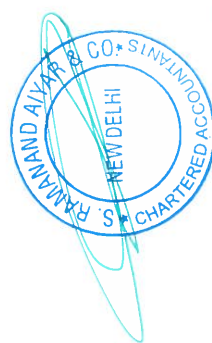
**SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED**  
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**a. Transactions/balances outstanding with related parties Year ended 31 March 2018**

Particulars	Holding Entity	Joint Venturer	Fellow Subsidiaries and entities	Entity under common significant influence	Key Management Personnel
	2017-18	2017-18	2017-18	2017-18	2017-18
<b>a. Transactions during the year</b>					
Advertisement and sales promotion (incentives)	1,296,350,621	-	-	-	-
Cost allocations received*	34,737,425	272,386	1,108,000	76,933,065	-
Processing charges paid	-	-	-	6,575,582,207	-
Cost allocations made*	-	-	-	11,215,224	-
Bank charges, fees and Commission Paid	38,722,903	-	14,074,000	-	-
Commission Received	-	-	44,419	-	-
Personnel Cost (Managerial remuneration)	-	-	-	-	16,099,283
Gratuity fund contribution	-	-	1,837,921	-	-
Interest Income on fixed deposit	123,143	-	-	-	-
Finance charges	4,473,420,899	-	-	-	-
Borrowings taken	487,643,561,443	-	-	-	-
Borrowings repaid	471,721,686,446	-	-	-	-
Income on investments	-	-	737,383	-	-
Investments purchased	-	-	1,900,000,000	-	-
Investments sold	-	-	1,900,000,000	-	-
CSR Contribution	-	-	19,873,163	-	-
Dividend Paid	471,000,002	314,000,000	-	-	-
Fixed Deposit made	2,500,000	-	-	-	-
Royalty expenses	72,625,910	-	-	-	-
Loans and Advances given and other adjustments	33,178,684	-	22,952,561	844,470,900	3,192,122
Loans and Advances Repaid	32,766,412	-	22,796,442	845,360,266	3,157,369



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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

Particulars	Holding Company	Joint Venturer	Fellow Subsidiaries	Entity under significant influence	Key Management Personnel
<b>b. Balances Outstanding at Year End</b>					
Trade Payables and Other liabilities	166,528,517	-	375,000	578,179,145	-
Borrowings	90,274,153,786	-	-	-	-
Interest Accrued	130,647,114	-	-	-	-
Cash and Bank Balances**	1,898,613,259	-	-	-	-
Loans and Advances***	2,033,909	-	1,462,162	3,830,788	48,828
Other non current assets	2,700,000	-	-	-	-
Investments	-	-	10,010	-	-
Other Recoverable	111,694,332	-	5,533	2,868,736	-

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

\*\* These amounts represent cash & bank balance, book overdraft, funds in transit & earmarked balances as at 31 March 2018.

\*\*\* These amounts represent year-end balances outstanding as at 31 March 2018 on credit cards issued.



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**SBI CARDS AND PAYMENT SERVICES PRIVATE LIMITED**

(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

b. 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
<b>a. Transactions during the year</b>					
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 and 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 taken	341,508,281,623	-	-	-	-
Borrowings repaid	325,572,728,459	-	-	-	-
Income on investments	-	-	285,957	-	-
Investments purchased	-	-	1,480,010,010	-	-
Investments sold	-	-	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 and Advances given and other adjustments	37,238,654	-	20,379,083	1,174,179,476	1,902,322
Loans and Advances Repaid	39,711,908	-	20,296,734	1,155,550,052	1,882,014



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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

Particulars	Holding Company	Joint Venturer	Fellow Subsidiaries	Entity under significant influence	Key Management Personnel
<b>b. Balances Outstanding at Year End</b>					
Trade Payables and 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 and Bank Balances**	1,383,746,082	-	15,737,863	-	-
Loans and 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 cash & bank balance, book overdraft, funds in transit & earmarked balances as at 31 March 2017.

\*\*\* These amounts represent year-end balances outstanding as at 31 March 2017 on credit cards issued.



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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

Annexure I to Note 31

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

<b>a. Transactions during the year</b>		
<b>Particulars</b>	<b>For the year ended 31st March 2018</b>	<b>For the year ended 31st March 2017</b>
<b>Investments purchased</b>		
SBI Funds Management Pvt Limited	1,900,000,000	1,480,000,000
<b>Investments sold</b>		
SBI Funds Management Pvt Limited	1,900,000,000	1,480,000,000
<b>Income from investment</b>		
SBI Funds Management Pvt Limited	737,383	285,957
<b>Commission Received</b>		
SBI Life Insurance Company Limited	44,419	122,329
SBI General Insurance	28,329	-
<b>Bank charges, fees and Commission Paid</b>		
SBI Capital Markets Ltd.	14,074,000	-
<b>CSR Expense</b>		
SBI Foundation	19,873,163	-
<b>Gratuity fund contribution</b>		
SBI Life Insurance Company Limited	1,837,921	-
<b>Total</b>	<b>3,836,595,215</b>	<b>2,960,408,286</b>

<b>b. Balances Outstanding at Year End</b>		
<b>Particulars</b>	<b>For the year ended 31st March 2018</b>	<b>For the year ended 31st March 2017</b>
<b>Loans and Advances</b>		
Others	1,462,162	1,306,043
<b>Investment</b>		
SBI Foundation	10,010	10,010
<b>Other Recoverable</b>		
SBI Life Insurance Company Limited	5,533	684,499



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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 31<sup>st</sup> March 2018 is Rs. 30,837,426. Rate of interest for finance lease obligation (vehicles) is varying between 11.00% to 11.25%.

The maturity profile of the finance lease obligation as at 31<sup>st</sup> March 2018 is as follows:

Particulars	Total minimum lease payments outstanding at 31 March 2018	Interest	Present value of minimum lease payments as at 31 March 2018
Due within one year	12,571,641	4,027,840	8,543,801
Due later than one year and not later than five years	27,407,001	5,113,376	22,293,625
	<b>39,978,642</b>	<b>9,141,216</b>	<b>30,837,426</b>

The maturity profile of the finance lease obligation as at 31<sup>st</sup> March 2017 was 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
	<b>23,603,464</b>	<b>3,962,785</b>	<b>19,640,679</b>

**Operating Lease obligations:**

The Company has taken office premises on lease. Operating lease rentals recognised during the year were Rs 86,967,900 (previous year Rs. 55,108,443). The total of the future minimum lease payments under non-cancellable operating lease are as follows:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Not later than one year	59,781,228	41,425,110
Later than one year but not later than five years	141,354,441	56,552,488
Later than five years	3,298,271	11,106,631
<b>Total</b>	<b>204,433,940</b>	<b>109,084,229</b>



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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

**33. Earnings/ (loss) per equity share**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Net Profit After Tax	3,631,295,697	3,904,077,844
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)	4.63	4.97

**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 2018 and 31 March 2017 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. 247,734,366 (Previous year Rs. 251,901,311), net of deposits of Rs. 1,180,650 (Previous year Rs. 1,232,209). 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 law suits should not have a material adverse effect 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 2018 are Rs. 102,270,935 (Previous year Rs. 54,186,956).
37. Certain show cause notices relating to indirect taxes matters amounting to Rs. 4,548,485 (previous year Rs. 300,820,202) 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.



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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**

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).
39. During the year ended 31<sup>st</sup> March 2018 the company appropriated Rs 726,259,139 (previous year Rs. 780,815,569) 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 and Loss. The details are as follows:

Particulars	For the year Ended 31 March 2018	For the year Ended 31 March 2017
Provident Fund	45,830,027	34,654,344
Employee State Insurance Corporation (ESIC)	9,952	-
Labour Welfare Fund	79,047	62,806
Total	45,919,026	34,717,150

(B) The following table sets out the status of the gratuity plan as required under AS-15 (revised), “Employee Benefits” as at 31 March 2018:

**Reconciliation of benefit obligations & plan assets for the period**

	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening defined benefit obligation	91,859,271	60,070,839
Current service cost	15,253,422	9,345,537
Interest cost	7,148,220	4,797,464
Actuarial losses / (Gain)	14,793,163	22,521,745
Liabilities Assumed on Acquisition / (Settled on Divestiture)	-	-
Benefits paid	(5,114,590)	(4,876,314)
Closing defined benefit obligation	<b>123,939,486</b>	<b>91,859,271</b>
<b>Change in the fair value of plan assets</b>		
Opening fair value of plan assets	59,872,208	56,613,101
Expected return on plan assets	4,490,771	5,200,197
Actuarial gains / (losses)	(1,746,872)	(522,514)
Contributions by employer	1,837,921	3,457,738
Benefits paid	(5,114,590)	(4,876,314)
Closing fair value of plan assets	<b>59,339,438</b>	<b>59,872,208</b>



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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

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

	As at 31 March 2018	As at 31 March 2017
Present value of funded obligations	123,939,486	91,859,271
Fair value of plan assets	(59,339,438)	(59,872,208)
Net asset/liability	<b>64,600,048</b>	<b>31,987,063</b>

**Gratuity Cost for the period**

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	15,253,422	9,345,537
Interest cost	7,148,220	4,797,464
Expected return on plan assets	(4,490,771)	(5,200,197)
Net actuarial losses / (gains) recognized in year	16,540,035	23,044,259
Net gratuity cost	34,450,906	31,987,063
Actual return on plan assets	2,743,899	4,677,683

**Experience adjustments**

	For the year ended 31 March 2018	For the year ended 31 March 2017
Defined benefit obligation	123,939,486	91,859,271
Plan assets	59,339,438	59,872,208
Surplus / (Deficit)	(64,600,048)	(31,987,063)
Experience adjustments on plan liabilities	14,763,555	9,971,521
Experience adjustments on plan assets	(1,746,872)	(522,514)

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
Discount rate	7.65% per annum	7.00% per annum
Estimated rate of return on plan assets	8.35% per annum	7.50% 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 11% 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:

	For the year Ended 31 March 2018	For the year Ended 31 March 2017
Discount rate	7.65% per annum	7.00% 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 2018 amounts to Rs. 46,800,050 (previous year Rs. 34,716,370).

**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:



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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

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 11% 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:

	For the year Ended 31 March 2018	For the year Ended 31 March 2017
Discount rate	7.65% 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 31<sup>st</sup> March 2018 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
- 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:



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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**

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 11% 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 31<sup>st</sup> March 2018 is Rs 15,412,467 (previous year Rs 8,441,889).

**43. Un-hedged foreign currency exposure**

The Company's exposure in respect of foreign currency denominated assets not hedged as on 31 March 2018 by derivative instruments or otherwise is USD 6,237,662 (Rs. 405,697,550) [ Previous year USD 394,967 (Rs. 25,609,107)]. Similar amount for payable & other liabilities is USD 4,079,744 (Rs. 265,346,561) [Previous year USD 2,357,219 (Rs. 152,838,809)].

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.

45. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

46. The Company has changed its accounting policy for creating provision on Non-Performing Assets including Restructured assets in March 2018. Based on past experience, emerging trends and estimates, Provision on NPA is revised from 25% to 100%. Impact of change of this accounting policy on current year profits is Rs. 2,198,990,398.



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

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

47. 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-18		31-Mar-17	
	Liabilities side:	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	<b>Loans and advances availed by the NBFC's inclusive of interest accrued thereon but not paid:</b>				
	(a) Debentures : Secured				
	: Unsecured	16,801,947,251		5,546,137,534	
	(Other than falling within the meaning of public deposits)				
1	(b) Deferred Credits				
	(c) Term Loans				
	(d) Inter-corporate loans and borrowing				
	(e) Commercial Paper	23,394,304,132		75,106,660,607	
	(f) Other Loans				
	- External commercial borrowings				
	- Cash/Credit Loans*	73,022,777,955		1,953,188,220	
	- Finance lease obligation	30,837,427		19,640,679	

\* It includes working capital demand loan and foreign currency non-resident borrowings.



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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**

	Assets side:	Amount outstanding	Amount outstanding
		31-Mar-18	31-Mar-17
2	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:</b>		
	(a) Secured*	2,629,329,056	2,816,670,920
	(b) Unsecured*	142,408,252,167	99,943,502,354
3	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
	i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	Nil	Nil
	(b) Operating lease	Nil	Nil
	ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
	iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	Nil	Nil
	(b) Loans other than (a) above	Nil	Nil

\* It Includes advances to credit card customers only.



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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

	Assets side:	Amount outstanding	Amount outstanding
		31-Mar-18	31-Mar-17
	<b>Break-up of Investments:</b>		
	<i>Current Investments :</i>		
	1. <b>Quoted:</b>		
	(i) Shares: (a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	2. <b>Unquoted:</b>		
	(i) Shares: (a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
4	(v) Others	Nil	Nil
	<i>Long Term investments:</i>		
	1. <b>Quoted:</b>		
	(i) Shares: (a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	2. <b>Unquoted:</b>		
	(i) Shares: (a) Equity	10,010	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil

\* It Includes advances to credit card customers only.



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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**

5 Borrower group-wise classification of assets financed as in (2) and (3) above:						
Category	Amount net of provisions					
	31-Mar-18			31-Mar-17		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties	-	-	-	-	-	-
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	3,496,071	3,496,071	-	2,927,680	2,927,680
(c) Other related parties	-	3,879,616	3,879,616	-	95,006,639	95,006,639
2. Other than related parties	2,629,329,056	142,400,876,480	145,030,205,536	2,816,670,920	99,943,502,354	102,662,320,736
<b>Total</b>	<b>2,629,329,056</b>	<b>142,408,252,167</b>	<b>145,037,581,223</b>	<b>2,816,670,920</b>	<b>99,943,502,354</b>	<b>102,760,173,274</b>

6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):				
Category	31-Mar-18		31-Mar-17	
	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	10,010.00	10,010.00
(c) Other related parties	Nil	Nil	Nil	Nil
2. Other than related parties	Nil	Nil	Nil	Nil
<b>Total</b>	<b>10,010.00</b>	<b>10,010.00</b>	<b>10,010.00</b>	<b>10,010.00</b>

7	Other Information	31-Mar-18	31-Mar-17
(i)	Gross Non-Performing Assets		
(a)	Related parties		
(b)	Other than related parties	2,950,834,526	1,677,475,055
(ii)	Net Non-Performing Assets		
(a)	Related parties		
(b)	Other than related parties	-	1,241,596,970
(iii)	Assets acquired in satisfaction of debt		



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#### 48. Disclosure of Restructured Accounts

S. No.	Type of Restructuring						Under CDR				Under SME Debt				Others			
	Asset Classification Details			A #	B #	C #	D #	Total	A #	B #	C #	D #	Total	A #	B #	C #	D #	Total
1	Restructured accounts as on 1 April 17	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	2,631	-	-	-	2,631
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	139,881,980	-	-	-	139,881,980
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	33,803,254	-	-	-	33,803,254
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	1,355	-	-	-	1,355
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	129,485,186	-	-	-	129,485,186
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	129,485,186	-	-	-	129,485,186
3	Upgradations to restructured standard category	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	653	-	-	-	653
		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	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	1,826	-	-	-	1,826
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	91,988,702	-	-	-	91,988,702
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	91,988,702	-	-	-	91,988,702
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	99	-	-	-	99
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	6,166,137	-	-	-	6,166,137
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	6,166,137	-	-	-	6,166,137
7	Adjustments as on 31st Mar'18 for payment/provision*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount received	-	-	-	-	-	-	-	-	-	-	-	97,665,421	-	-	-	97,665,421
		Provision adjustments	-	-	-	-	-	-	-	-	-	-	-	(8,413,306)	-	-	-	(8,413,306)
8	Restructured Accounts as on 31st March 2018 (S No 1+2-3-4-5-6-7)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	1,408	-	-	-	1,408
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	73,546,907	-	-	-	73,546,907
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	73,546,907	-	-	-	73,546,907

\* 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'18 includes 100% provision on Principle & income component. The Company has revised its policy for creating provision on NPA(including restructured assets) from 25% to 100%. Further, the provision amounts shown above in serial number 2, 3, 5, 6 & 7 are on the basis of Provision made on 31st Mar'18

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**SBL 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 Capital**

Particulars	As at 31 March 2018	As at 31 March 2017
(i) CRAR (%)	17.19%	17.10%
(ii) CRAR - Tier I Capital (%)	11.20%	12.75%
(iii) CRAR - Tier II Capital (%)	5.99%	4.35%
(iv) Amount of subordinated debt raised as Tier-II capital*	10,000,000,000	5,400,000,000
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

\*Qualifying amount as Tier II Capital as at 31<sup>st</sup> March 2018 is Rs 8,070,623,227 (Previous Year Rs. 4,100,000,000). Fresh subordinated debt raised as Tier II during Financial Year 2017-18 is Rs. 5,000,000,000 (Previous year Rs 2,000,000,000).

**49.2 Investments**

Particulars	As at 31 March 2018	As at 31 March 2017
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	10,010	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	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	-	-
(iv) Closing balance	-	-

**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 Derivatives**

**49.3.1 Forward Rate Agreement / Interest Rate Swap**

S. No.	Particulars	For the year ended 31 March 18	For the year ended 31 March 17
(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

**49.3.2 Exchange Traded Interest Rate (IR) Derivatives**

S. No.	Particulars	For the year ended 31 March 18	For the year ended 31 March 17
(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



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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

**49.3.3 Disclosures on Risk Exposure in Derivatives**

**Qualitative Disclosure**

S. No.	Particulars	For the year ended 31 March 2018		For the year ended 31 March 2017	
		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**  
(All amounts in Indian Rupees)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**49.4.1 Disclosures relating to Securitisation**

S. No.	Particulars	Year ended 31- Mar-18	Year ended 31- Mar-17
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



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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

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

S. No.	Particulars	For the year ended 31 March 18	For the year ended 31 March 17
(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

**49.4.3 Details of Assignment transactions undertaken by NBFCs**

S. No.	Particulars	For the year ended 31 March 18	For the year ended 31 March 17
(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

**49.5 Details of non-performing financial assets purchased / sold**

Details of non-performing financial assets purchased:

Particulars		For the year ended 31 March 18	For the year ended 31 March 17
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



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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

Details of Non-performing Financial Assets sold :

Particulars		For the year ended 31 March 18	For the year ended 31 March 17
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.



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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

**49.6 Asset Liability Management**

**Maturity pattern of certain items of assets and liabilities as at 31st March 2018**

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	45,203,282,215	24,459,488,634	15,714,043,094	26,276,348,853	16,853,656,630	13,579,927,271	-	-	142,086,746,698
Investments	-	-	-	-	-	-	-	10,010	10,010
Borrowings *	42,288,250,104	7,438,936,030	12,809,477,052	15,384,718,000	19,004,244,702	5,522,293,626	3,100,000,000	7,000,000,000	112,547,919,514
Foreign Currency assets		-	-	-	405,697,550	-	-	-	405,697,550
Foreign Currency liabilities	93,267,786	181,201,917			-	-	-	-	274,469,704

\*Borrowings includes Foreign currency loan of Rs. 3,734,782,942 maturing in 1-30 days and Rs. 5,985,276,074 maturing in 3-6 months



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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

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



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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

**49.7.1 Exposure to Real Estate**

Category		As at 31 March 2018	As at 31 March 2017
a)	<b>Direct Exposure</b>		
	(i) <b>Residential Mortgages</b> Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	Nil	Nil
	(ii) <b>Commercial Real Estate</b> 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	Nil	Nil
	Investments in Mortgage Backed Securities (MBS) and other		
	(iii) securitized exposures :-		
	a. Residential	Nil	Nil
	b. Commercial real Estate	Nil	Nil

**49.7.2 Exposure to Capital Market**

	Particulars	As at 31 March 2018	As at 31 March 2017
(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	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	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	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
<b>Total Exposure to Capital Market</b>		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**

**49.8 Details of financing of parent company products**

The company has not financed any of the products of its parent company during the financial year 2017-2018.

**49.9 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 2018.

**49.10 Miscellaneous**

**49.10.1 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 of India	CA0075
NBFC Registration	14.01328

**49.10.2 Disclosure of Penalties imposed by RBI and other regulators**

No penalties have been imposed by any regulators during financial year 2017-2018.

**49.10.3 Related Party Transactions**

For related party transaction refer note No.31.

**49.10.4 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 / Stable by CRISIL and ICRA. There is no change in the rating during financial year 2017-2018.

**49.10.5 Revenue Recognition**

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



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

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

## 50 Additional Disclosures

### 50.1 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	As at 31 March 2018	As at 31 March 2017
Provisions for depreciation on Investment	-	-
Provision towards NPA	2,950,834,526	435,878,085
Provision made towards Income Tax	2,623,036,960	2,311,313,477
Provision for Long Service Awards	15,412,467	8,441,889
Provision for reward points redemption	3,162,636,200	2,300,575,604
Provision for Gratuity	64,600,048	31,987,063
Provision for Compensated absences	46,800,050	34,716,370
Provision for Employee stock option	-	1,327,748
Provision for Bonus & Incentive Payable	128,772,317	90,184,109
Provision for Other Expenses*	710,377,200	1,535,866,209
Provision for Other taxes	-	4,235,604
Provision for Standard Assets	568,346,987	404,330,793

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

### 50.2 Draw Down from reserves

There is no draw down from the reserves during the financial year ended 31<sup>st</sup> March 2018.

### 50.3 Concentration of Deposits, Advances, Exposures and NPAs

#### 50.3.1 Concentration of Advances

Particulars	As at 31 March 2018	As at 31 March 2017
Total Advances to twenty largest borrowers*	2,569,505,830	1,212,213,729
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.77%	1.18%

\*In cases of corporate advances the amount of total advances has been taken at group level and not at an individual account level under the same group.



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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****50.3.2 Concentration of Exposures**

Particulars	As at 31 March 2018	As at 31 March 2017
Total Exposure to twenty largest borrowers/customers*	4,223,009,652	3,344,653,448
Percentage of Exposures to twenty largest borrowers/customers to Total Exposures of the NBFC on borrowers/customers	0.60%	0.58%

\*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.

**50.3.3 Concentration of NPAs**

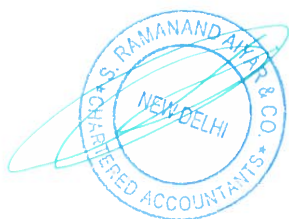
Particulars	As at 31 March 2018	As at 31 March 2017
Total Exposure to top four NPA accounts*	5,033,912	3,658,738

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

**50.3.4 Sector wise NPAs**

Sl No.	Sector	% of NPAs to Total Advances in that sector	As at 31 March 2018	As at 31 March 2017
1	Agriculture & allied activities			
2	MSME			
3	Corporate borrowers - Credit Cards*	0.03%	732,994	544,174
4	Services			
5	Unsecured personal loans			
6	Auto loans			
7	Other personal loans - Credit Cards	2.03%	2,950,101,532	1,676,930,881

\*In case of Corporate Cards, the NPA includes all the credit cards exposure to that Corporate in total. % of NPA is for FY 2017-18.



**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

**50.4 Movement of NPAs**

Particulars	As at 31st March 2018	As at 31st March 2017
(i) Net NPAs to Net Advances (%)	0.00%	1.21%
Movement of NPAs (Gross)		
(a) Opening balance	1,677,475,055	1,464,543,103.8
(b) Additions during the year	8,112,571,350	5,083,467,001
(c) Reductions during the year	6,839,211,879	4,870,535,050
(d) Closing balance	2,950,834,526	1,677,475,055
(ii) Movement of NPAs (Net)		
(a) Opening balance	1,241,596,970	1,095,223,340
(b) Additions during the year	1,179,106,822	1,725,367,455
(c) Reductions during the year	2,420,703,791	1,578,993,824
(d) Closing balance	-	1,241,596,970
(iii) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	435,878,085	369,319,764.2
(b) Provisions made during the year*	6,933,464,528	3,358,099,547
(c) Write-off / write-back of excess	4,418,508,088	3,291,541,226
(d) Closing balance	2,950,834,526	435,878,085

\* Refer Note 46 for change in accounting policy on provision for credit losses.

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

There is no overseas asset as at 31 March 2018.

**50.6 Off-balance Sheet SPVs sponsored**

There is no off-balance sheet SPVs sponsored by the company during the year ended 31 March 2018.



*Handwritten signature in blue ink.*

**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


**50.7 Disclosures of Customers Complaints**

S.no	Particulars	As at 31 March 2018	As at 31 March 2017
(a)	No. of complaints pending at the beginning of the year	282	425
(b)	No. of complaints received during the year	16,896	20,432
(c)	No. of complaints redressed during the year	16,771	20,575
(d)	No. of complaints pending at the end of the year	407	282

For **S.Ramanand Aiyar & Co.**  
Chartered Accountants  
Firm Registration No.: 000990N

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

R.Balsubramanian  
Partner  
Membership No.: 080432

  
Director  
DIN: 05102910

  
Hardayal Prasad  
Managing Director & CEO  
DIN: 08024303

  
Nalin Negi  
Chief Financial Officer

  
Payal Mittal  
Company Secretary

Date: **30 APR 2018**  
Place: **NEW DELHI**

Date: **30-04-2018**  
Place: **Gurgaon**







गोपनीय

संख्या / No. :  
भारतीय 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 19/7/2018

सेवा में,

प्रबन्ध निदेशक एवं मुख्य कार्यकारी अधिकारी,  
एस.वी.आई. कार्ड्स एन्ड पेमेन्ट सर्विसेज् प्राइवेट लिमिटेड,  
डी.एल.एफ. इन्फिनिटी टावर्स, टॉवर सी,  
12 वां तल, ब्लॉक 2, बिल्डिंग 3,  
डी.एल.एफ. साइवर सिटी,  
गुरुग्राम-122002 (हरियाणा)

विषय:- कम्पनी अधिनियम 2013 की धारा 143 (6) (b) के अधीन 31 मार्च 2018 को समाप्त वर्ष के लिए एस.वी.आई. कार्ड्स एन्ड पेमेन्ट सर्विसेज् 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 2018 को समाप्त हुए वर्ष के लिए एस.वी.आई. कार्ड्स एन्ड पेमेन्ट सर्विसेज् प्राइवेट लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अंग्रेजित करती हूँ। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए।

भवदीया,

न.मुंशी

(नन्दना मुंशी)

महानिदेशक वाणिज्यिक लेखापरीक्षा  
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 AND PAYMENT SERVICES PRIVATE LIMITED  
FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements of SBI Cards and Payment Services Private Limited for the year ended 31 March 2018 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 the 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 30 April, 2018.

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 and Payment Services Private Limited for the year ended 31 March, 2018. 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 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: 19.07.2018