

**SBI Cards and Payment Services Private Limited**  
**Balance Sheet as at March 31, 2019**  
**(Figure in Rupees Lakhs, unless otherwise stated)**

Particulars	Notes No.	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>ASSETS</b>				
<b>1 Financial Assets</b>				
(a) Cash and cash equivalents	5	46,716.53	25,273.85	17,472.19
(b) Bank Balance other than (a) above	6	4,325.96	3,520.66	10,822.45
(c) Derivative Financial Instruments	7	10.35	-	-
(d) Receivables				
(i) Other Receivables	8	29,403.56	14,884.86	13,247.82
(e) Loans	9	1,790,872.72	1,404,553.96	998,285.03
(f) Investment	10	146.31	0.10	0.10
(g) Other Financial assets	11	1,110.69	517.79	247.11
<b>Total financial assets</b>		<b>1,872,586.12</b>	<b>1,448,751.22</b>	<b>1,040,074.70</b>
<b>2 Non-financial assets</b>				
(a) Deferred tax assets (Net)	13	15,863.10	8,215.21	12,846.01
(b) Property plant and equipment	14	511.94	468.55	361.41
(c) Other non Financial assets	15	70,418.77	48,984.71	21,118.27
<b>Total non-financial assets</b>		<b>86,793.81</b>	<b>57,668.47</b>	<b>34,325.69</b>
<b>Total Assets (1+2)</b>		<b>1,959,379.93</b>	<b>1,506,419.69</b>	<b>1,074,400.39</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>1 Financial liabilities</b>				
(a) Derivative financial instruments	16	10,953.47	285.37	-
(b) Payables	17			
(i) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		0.19	15.50	107.00
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		58,837.79	39,414.10	11,779.92
(ii) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises				
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		68.63	7.98	20.52
(c) Debt Securities	18	407,931.56	294,892.60	750,978.17
(d) Borrowings (Other than Debt Securities)	19	820,087.58	730,534.48	19,724.35
(e) Subordinated Liabilities	20	119,679.85	99,803.74	53,889.65
(f) Other financial liabilities	21	95,802.49	64,507.73	28,842.96
<b>Total financial liabilities</b>		<b>1,513,361.56</b>	<b>1,229,461.50</b>	<b>865,342.57</b>
<b>2 Non-financial liabilities</b>				
(a) Current Tax liabilities (Net)	12	8,070.52	1,191.26	173.36
(b) Provisions	22	64,902.76	41,588.61	49,521.42
(c) Other non financial liabilities	23	54,302.63	31,131.39	14,340.80
<b>Total non financial liabilities</b>		<b>127,275.91</b>	<b>73,911.26</b>	<b>64,035.67</b>
<b>Total liabilities (1+2)</b>		<b>1,640,637.47</b>	<b>1,303,372.76</b>	<b>929,378.24</b>
<b>3 Equity</b>				
(a) Equity Share capital	24	83,722.22	78,500.00	78,500.00
(b) Other equity	25	235,020.24	124,546.93	66,522.15
<b>Total equity</b>		<b>318,742.46</b>	<b>203,046.93</b>	<b>145,022.15</b>
<b>Total liabilities and equity (1+2+3)</b>		<b>1,959,379.93</b>	<b>1,506,419.69</b>	<b>1,074,400.39</b>

1 to 59

See accompanying notes to the financial statements  
As per our report of even date attached  
For S. Ramanand Aiyar & Co.  
Chartered Accountants  
Firm Registration No. : 000990N

R. Balasubramanian  
Partner  
Membership No. : 080432

Mumbai

Place:  
Date:

25 April 2019



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

Managing Director & CEO  
DIN: 08024703

Chief Financial Officer

Place: Mumbai  
Date: 25/04/19

Director  
DIN: 05162910

Company Secretary

q/a

SBI Cards and Payment Services Private Limited  
Statement of Profit and Loss for the year ended March 31, 2019  
(Figure in Rupees Lakhs, unless otherwise stated)

Particulars	Note no.	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>1 Revenue from Operations</b>			
(i) Interest Income			
(ii) Income from membership fees and services		363,427.39	279,767.75
(iii) Service Charges		307,203.69	217,726.66
(iv) Business development incentive income		12,305.74	7,796.54
(v) Insurance commission income		21,667.28	16,284.02
(vi) Net gain on fair value changes	26	872.57	727.53
		10.35	-
<b>Total Revenue from operations</b>		<b>705,487.02</b>	<b>522,302.50</b>
<b>2 Other Income</b>	27	<b>27,547.41</b>	<b>17,879.03</b>
<b>3 Total Income (1+2)</b>		<b>733,034.43</b>	<b>540,181.53</b>
<b>4 EXPENSES</b>			
(i) Finance costs	28	100,383.99	70,603.35
(ii) Employee benefits expenses	29	15,693.20	12,939.05
(iii) Depreciation, amortisation and impairment	30	155.37	119.28
(iv) Operating and other expenses	31	385,338.84	282,995.11
(v) CSR expenses	32	1,263.27	908.67
(vi) Impairment losses & bad debts	33	108,557.95	83,672.44
<b>Total expenses</b>		<b>611,392.62</b>	<b>451,237.90</b>
<b>5 Profit before tax (3-4)</b>		<b>121,641.81</b>	<b>88,943.63</b>
<b>6 Tax expense:</b>	34		
Current tax charge / (credit)		50,279.13	27,578.41
Current tax charge / (credit) - previous year		133.42	(1,452.77)
Deferred tax charge / (credit)		(7,525.65)	3,167.89
Deferred tax charge / (credit) - previous year		(24.27)	1,519.12
<b>Total Tax Expenses</b>		<b>42,862.63</b>	<b>30,812.65</b>
<b>7 Profit after tax for the year (5-6)</b>		<b>78,779.18</b>	<b>58,130.98</b>
<b>8 Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities / (asset)		(6.55)	(162.41)
(ii) Income tax relating to items that will not be reclassified to profit or loss		2.29	56.21
<b>Subtotal (A)</b>		<b>(4.26)</b>	<b>(106.20)</b>
B (i) Items that will be reclassified to profit or loss			
(a) Gain/(loss) on forward contracts in hedging relationship		21.76	-
(ii) Income tax relating to items that will be reclassified to profit or loss		(7.60)	-
<b>Subtotal (B)</b>		<b>14.16</b>	<b>-</b>
<b>Other comprehensive income (A+B)</b>		<b>9.90</b>	<b>(106.20)</b>
<b>9 Total Comprehensive Income for the year (7+8)</b>		<b>78,789.08</b>	<b>58,024.78</b>
<b>10 Earnings per equity share (for continuing operation):</b>	35		
(1) Basic		9.61	7.41
(2) Diluted		9.61	7.41

See accompanying notes to the financial statements

As per our report of even date attached  
For S. Ramanand Aiyar & Co.  
Chartered Accountants  
Firm Registration No. :000990N

R. Balasubramanian  
Partner  
Membership No. : 080432

Mumbai

Place:  
Date:

25 April 2019



1 to 59

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

Managing Director & CEO  
DIN: 08024303

Chief Financial Officer

Place: Mumbai  
Date: 25/04/19

Director  
DIN: 05102910

Company Secretary

Handwritten signature/initials.

SBI Cards and Payment Services Private Limited  
Cash flow statement for the year ended March 31, 2019  
(Figure in Rupees Lakhs, unless otherwise stated)

Particulars	For the year ended Mar 31, 2019	For the year ended Mar 31, 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	78,779.18	58,130.98
Adjustments for :		
Tax expense		
Depreciation and amortisation expense	42,862.63	30,812.65
Liabilities written back	155.37	119.28
Impairment loss and provision for doubtful debts	(107.91)	(156.66)
Other Interest Income	120,504.85	83,773.53
Finance Cost	(427.12)	(343.17)
Loss on sale of Fixed Assets	100,383.99	70,603.35
Profit on sale on investments	6.28	16.30
Fair valuation of derivatives	(38.30)	(53.72)
Operating profit before working capital changes	(10.35)	285.37
	342,108.62	243,187.91
Adjustment for changes in working capital		
Adjustments for (increase) / decrease in operating assets:		
Other Receivables		
Other financial assets	(13,983.68)	(1,137.21)
Other non financial assets	(592.90)	(270.68)
Loans	(21,059.30)	(28,360.88)
Adjustments for increase / (decrease) in operating liabilities:		
Other financial liabilities	(494,876.71)	(489,941.37)
Other non financial liabilities		
Provisions	23,751.69	30,106.68
Trade payables	23,171.24	16,790.50
	1,141.21	1,251.77
Cash from/ (used) in operations	19,469.03	27,530.14
	(120,870.80)	(200,843.14)
Finance Cost Paid		
Cash from/ (used) in operations before taxes	(88,910.47)	(69,018.62)
Direct taxes paid (net of refunds)	(209,781.27)	(269,861.76)
	(43,532.10)	(24,613.34)
Net cash generated/ (used) in operating activities	(253,313.37)	(294,475.10)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment	(207.00)	(342.29)
Proceeds from sale of property, plant and equipment	1.96	99.56
Investment purchased	(76,646.21)	(143,000.00)
Investment sold	76,538.30	143,053.72
NET CASH USED IN INVESTING ACTIVITIES (B)	(312.95)	(189.01)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	5,222.22	-
Proceeds from securities premium	41,777.78	-
Debt Securities	119,445.09	(452,112.16)
Borrowings (Other than Debt Securities)	89,553.10	710,810.13
Subordinated Liabilities	19,876.11	45,914.09
Interim Dividend Paid		(9,448.08)
NET CASH (USED) / GENERATED IN FINANCING ACTIVITIES (C)	275,874.30	295,163.98
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	22,247.98	499.87
Cash and bank balances as at the beginning of the period	28,794.51	28,294.64
Cash and bank balances as at the end of the period	51,042.49	28,794.51
	22,247.98	499.87

As per our report of even date attached  
For S. Ramanand Aiyar & Co.  
Chartered Accountants  
Firm Registration No. : 000990N

R. Balasubramanian  
Partner  
Membership No. : 080432

Mumbai

Place:  
Date:



25 April 2019

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

Managing Director & CEO  
DIN: 08024303

Chief Financial Officer

Place: Mumbai  
Date: 27/04/19

Director  
DIN: 05102910

Company Secretary

g r

SBI Cards and Payment Services Private Limited  
Statement of Changes in Equity  
(Figure in Rupees Lakhs, unless otherwise stated)

A. Equity Share Capital

	Number of shares	Amount
Balance as at April 01, 2017	7,850.00	78,500.00
Changes in equity share capital during the year	-	-
Balance as at March 31, 2018	7,850.00	78,500.00
Balance as at April 01, 2018	7,850.00	78,500.00
Changes in equity share capital during the year	522.22	5,222.22
Balance as at March 31, 2019	8,372.22	83,722.22

B. Other Equity

Particulars	Reserves and Surplus					OCI	Total
	Capital reserve	Securities Premium reserve	Statutory reserve	General reserve	Retained earnings	Effective Portion of Cash flow hedges	
Balance as at April 01, 2017	41.36	-	32,037.55	476.61	33,966.63	-	66,522.15
Addition	-	-	7,262.59	41.36	58,130.98	-	65,434.93
Other comprehensive income, net of income taxes	-	-	-	-	(106.20)	-	(106.20)
Transferred from Profit and Loss Account @ 20%	-	-	-	-	(7,262.59)	-	(7,262.59)
Transferred to General Reserve	(41.36)	-	-	-	-	-	(41.36)
Balance as at March 31, 2018	-	-	39,300.14	517.97	84,728.82	-	124,546.93
Balance as at April 01, 2018	-	-	39,300.14	517.97	84,728.82	-	124,546.93
Addition	-	41,777.78	15,755.84	-	78,779.18	14.16	136,326.96
Other comprehensive income, net of income taxes	-	-	-	-	(4.26)	-	(4.26)
Interim equity dividend	-	-	-	-	(8,372.62)	-	(8,372.62)
Tax on Interim equity Dividend	-	-	-	-	(1,720.93)	-	(1,720.93)
Transferred from Profit and Loss Account @ 20%	-	-	-	-	(15,755.84)	-	(15,755.84)
Balance as at March 31, 2019	-	41,777.78	55,055.98	517.97	137,654.35	14.16	235,020.24

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

Place:  
Date:



25 April 2019

Managing Director & CEO  
DIN: 08024303

Place: Mumbai  
Date: 25/4/19

Director  
DIN: 05102910

Chief Financial Officer

Company Secretary

of 2

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**1. Company overview**

SBI Card and Payment Services Private Limited ('the Company') is a 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 sold its entire 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 October 6, 1998, the company received a Certificate of Registration from the Reserve Bank of India (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 March 31, 2019.

During the year ended March 2019, Company has issued two tranches of listed debentures which are listed on Bombay stock exchange (BSE). This was first ever listed issuance by the Company.

The company has filed a joint petition seeking to merge "SBI Card and Payment Services Private Limited" ("SBICPSL") and "SBI Business Process Management Services Private Limited" ("SBIBPMSL"), the back end entity engaged in the business of inter alia rendering credit card processing and business process management services to the transferee company SBICPSL, with the Hon'ble National Company Law Tribunal ("NCLT"), New Delhi which is pending adjudication. Refer note 53 for details.

**2. Application of new and revised Ind AS**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace Ind AS 17 and related interpretations from its proposed effective date, being annual periods beginning on or after 1 April 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognized assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. The company is in the process of evaluating the financial impact of the Ind AS on its financial statements.

Amendment to Ind AS 12 – Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.





**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The company is currently evaluating the effect of this amendment on the financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The company is currently evaluating the effect of this amendment on the financial statements.

**3. Basis of preparation and compliance with IND-ASs**

**3.1. Statement of compliance**

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. Upto the year ended March 31, 2018, the company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2014, as amended, and the relevant provisions of the Companies Act, 2013 (collectively, "Ind ASs") with effect from April 1, 2016. These are the first Ind AS financial statements. The date of transition to Ind AS is April 1, 2017. Refer Note 54 for the details of first-time adoption exemptions availed by the company.

**3.2. Basis of preparation of financial statement**

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments that are measured at fair values, at the end of each reporting period, as explained in the accounting policies below. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**3.3. 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. Refer Note 4.16 for critical estimates and judgements applied in preparation of financial statements

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**4. Significant Accounting Policies**

**4.1. Revenue recognition**

The Company's operating revenues are comprised principally of service revenues such as finance income on financial assets i.e. loans advanced, membership fee earned, transaction revenue earned on interchange including target incentives offered by interchange partners. Other fee and charges include cheque bounce charge, late fees, over limit fees etc. The company also earns income from investments made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Amounts disclosed are net of returns, trade discounts, rebates, value added taxes.

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

The company has applied Ind AS 115 retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at April 1, 2017. In accordance with the transition guidance in Ind AS 115 has only been applied to contracts that are incomplete as at April 1, 2017.

The company's accounting policies for its revenue streams are disclosed in detail below. Apart from providing more extensive disclosures on the company's revenue transactions, the application of Ind AS 115 has not had a significant impact on the financial position and/or financial performance of the Group. The amount of adjustment for each financial statement line item affected by the application of Ind AS 115 for the current period is given in note 36.

**4.1.1. Financing income**

Interest income includes interest income on dues from credit card holders and on EMI based advances.

Interest income and expense for all financial instruments, excluding those classified as held for trading or designated at fair value are recognised in 'Interest income' and 'Finance expense' in the statement of profit and loss using the effective interest method. Interest on impaired financial assets is adjusted for loss allowances.

**4.1.2. Income from membership fees and services**

The company sells credit card memberships to card holders, income earned from the provision of membership services is recognised as revenue over the membership period consisting of 12 months at fair value of the consideration net of expected reversals/cancellations.

Other service revenue consists of value-add services provided to the card holders. Other revenues are recognised in the same period in which related transactions occur or services rendered.



*af 8*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**4.1.3. Interchange Income**

Interchange fees are collected from acquirers and paid to issuers by network partners to reimburse the issuers for a portion of the costs incurred for providing services that benefit all participants in the system, including acquirers and merchants. Revenue from interchange income is recognised when related transaction occurs, or service is rendered.

**4.1.4. Business Development Incentive**

The Company enters into long-term contracts with interchange partners for various programs designed to build payments volume, increase product acceptance. Revenue recognition is based on estimated performance and the terms of the business arrangements.

**4.1.5. Other Service Fees and Insurance Income**

Other services fees and insurance income are recognised in the same period in which related transactions occurs or services rendered at fare value of consideration net off expected reversals/cancellations.

**4.1.6. 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.

**4.1.7. 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.

**4.1.8. Recovery from bad debts**

Recovery from bad debts written off is recognised as income based on actual realisations from customers.

**4.2. 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.



*Handwritten signature*



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**4.3. Borrowing cost**

Borrowing cost consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Any expenditure which is directly attributable to borrowing is capitalized and amortised over the life of borrowing loan. Borrowing cost also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

**4.4. Property, Plant and Equipment**

Under the previous GAAP (Indian GAAP), all assets were carried in the balance sheet at cost, less accumulated depreciation and accumulated impairment losses, if any. The Company has applied Ind AS 16 Property, Plant and Equipment prospectively to new acquisitions beyond transition date and considered the carrying amount as per previous GAAP as deemed cost in accordance with Ind AS 101 First Time adoption.

Property, Plant and equipment including capital work in progress are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit & loss when the asset is derecognised.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment is provided on written down value using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013. The useful life is as follows:

Description	Useful Life
Furniture and Fixtures	10
Office equipment	5
Computers & Computer Equipment	3
Owned Vehicles	8
Leasehold Improvement	7
Computer Server	6



Handwritten signature and initials in blue ink.

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

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.

**4.5. Intangible assets**

Separately acquired intangible assets: Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Internally generated intangibles, excluding capitalised development cost, are not capitalised and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The Company has considered the carrying amount as on transition date as deemed cost in accordance with Ind AS 101 First Time adoption.

Intangible assets comprise purchase of software, recognised at cost and amortised at the rate of 20%-50%, which represents the period over which the Company expects to derive the economic benefits from the use of the asset.

**4.6. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. Company also regularly assesses collectability of dues and creates appropriate impairment allowance based on internal provision matrix. Impairment losses including impairment on inventories are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.



*Handwritten signature*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**4.7. Financial Instruments**

Initial Recognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Subsequent Recognition

**(i) Non -derivative financial instruments**

Financial Assets

Financial assets are carried at amortized cost using Effective Interest rate method (EIR):

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective Interest Rate (EIR) method:

The effective interest rate method is a method of calculating the amortised cost of financial asset and of allocating interest income over the expected life. Income is recognised in the Statement of Profit and Loss on an effective interest rate basis for financial assets other than those classified as at FVTPL.

EIR is determined at the initial recognition of the financial asset. EIR is subsequently updated for financial assets having floating interest rate, at the respective reset date, in accordance with the terms of the respective contract.

Once the terms of financial assets are renegotiated, other than market driven interest rate movement, any gain/ loss measured using the previous EIR as calculated before the modification, is recognised in the Statement of Profit and Loss in period during which such renegotiations occur.

Financial assets at fair value through other comprehensive income:

A financial asset is subsequently measured at fair value through Other Comprehensive Income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss:



*Handwritten signature in blue ink.*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

However, in cases where the Company has made an irrevocable election for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, the subsequent changes in fair value are recognized in Other Comprehensive Income.

**Derecognition of Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;
- the Company has transferred the rights to receive cash flows from the financial assets or
- the Company has retained the contractual right to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised.

Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognised. Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**Impairment of financial assets**

In accordance with IND AS 109, the Company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure;

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

The Company follows "simplified approach" for recognition of impairment loss allowance on receivables from contract with customers;

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. the Company uses a provision matrix to determine impairment loss



df 7

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL.

**Write off policy:**

Loans are written off when the company has no reasonable expectation of recovering the financial asset (either in its entirety or a portion of it). A write off constitutes a derecognition event. The company applies a policy of writing off accounts which are overdue for 191 days or more from payment due date. Recoveries resulting from the company's enforcement activities will result in impairment gains.

**Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

**De-recognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**(II) Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The Company does not use derivative financial instruments for speculative purposes. The counter-party to the Company's foreign currency forward contracts is generally a bank. The company has derivative financial instruments which are not designated as hedges.

Any derivative that is not designated as hedge is categorized as a financial asset or financial liability, at fair value through profit or loss account.

**Hedging**

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on booked exposures. The documentation includes the company's risk management objective and strategy for undertaking hedge, the hedging/ economic



*Handwritten signature*



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair

value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

**Cash flow hedge**

Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting dates. The company designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. The forward points of the currency forward contracts are therefore excluded from the hedge designation. The designated forward element is amortized in profit or loss account over a systematic basis. The change in forward element of the contract that relates to the hedge item is recognised in other comprehensive income in the cost of hedging reserve within equity. Amounts accumulated in other comprehensive income is reclassified to profit or loss in the period in which the hedged item hits profit or loss.

When a hedged transaction occurs or is no longer expected to occur, the net cumulative gain or loss recognized in cash flow hedging reserve is transferred to the Statement of Profit and Loss.

**Offsetting of financial instruments:**

Financials assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**4.8. Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements into prior to transition date, the Company has determined whether the arrangement contain lease based on facts and circumstances existing on the date of transition.

**Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with Company's general policy on the borrowing cost.



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

All leases other than finance lease are classified as operating lease. Operating lease payments are recognised as an expense in the statement of profit or loss account on straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor in expected inflationary cost increase.

**4.9. Income-tax expense**

**Current Tax**

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

Current income tax relating to item recognised outside the statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or equity). Current tax items are recognised in correlation to the underlying transactions either in OCI or directly in equity.

**Deferred Tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or direct in equity.

Minimum Alternate Tax (MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. The



*Handwritten signature or initials in blue ink.*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**4.10. Foreign currency**

**Functional currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). the Company's financial statements are presented in Indian rupee which is also the Company's functional and presentation currency.

**Initial recognition**

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

**Measurement of foreign currency items at the balance sheet date**

Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined."

**Exchange differences**

Exchange differences arising on settlement or translation of monetary items are recognised as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.

**Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability**

The Company enters into derivative contracts in the nature of forward contracts with an intention to hedge its existing liabilities. Derivative contracts being financial instruments not designated in a hedging relationship are recognised at fair value with changes being recognised in profit & loss account.



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**4.11. Employee benefits**

**Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. the liabilities are presented as current employee benefit obligations in the balance sheet.

**Other long-term employee benefit obligations**

Gratuity

The Employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust maintained with SBI Life insurance Company limited. The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date, based upon which the Company contributes to the Company Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds is provided for as assets/ (liability) in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. the Company recognizes the following changes in the net defined benefit obligation under Employee benefit expense in statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income
- Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods."

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. the Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable through provident fund scheme as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excesses recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.



*Handwritten signature*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

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.

Compensated Absences

Accumulated leaves which is expected to be utilised within next 12 months is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement and is discharge by the year end. Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognized based on undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated based on an actuarial valuation performed by an independent actuary using the projected unit credit method.

The company has a policy on compensated absences which is by way of accumulating compensated absences arising during the tenure of the service is calculated by taking into consideration of availment of leave. Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognized based on undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated based on an actuarial valuation performed by an independent actuary using the projected unit credit method.

National pension scheme (NPS)

The Company makes contributions to National Pension System (NPS), for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to NPS. The contributions payable to NPS by the Company are at rates specified in the rules of the schemes.

**4.12. 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.





**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity share outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e the average market value of the outstanding equity shares)

**4.13. 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.

**4.14. 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 based on an actuarial valuation.

**4.15. Cash and Cash Equivalent**

Cash and cash equivalents comprise cash balances on hand, cash balances in bank, funds in transit lying in nodal account of intermediaries/payment gateway aggregators and highly liquid investments with maturity period of three months or less from date of investment

**4.16. Critical accounting judgements and key sources of estimation uncertainty**

- (I) Revenue Recognition: Application of the various accounting principles in Ind AS 115 related to the measurement and recognition of revenue requires us to make judgments and estimates. Specifically, complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. We consider various factors in estimating transaction volumes and estimated marketing activities target fulfilment, expected behavioural life of card etc.
- (II) Estimation of business development incentives relies on forecasts of payments volume, card issuance etc. Performance is estimated using, transactional information - historical and projected information and involves certain degree of future estimation.



df 78

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

- (III) Estimation of card life relies on behavioural life trend established basis past customer behaviour / observed life cycle
- (IV) Differences between actual results and our estimates are adjusted in the period of actual performance
- (V) Management is required to assess the probability of loss and amount of such loss w.r.t. legal proceedings, if any, in preparing of financial statements
- (VI) Property, Plant and equipment: The company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as change in technology.
- (VII) Impairment of financial assets: A number of significant judgements are also required in applying the accounting requirements for measuring ECL such as;
- Establishing groups of similar financial assets for the purposes of measuring ECL (Portfolio segmentation)
  - Defining default
  - Determining criteria for significant increase in credit risk.
  - Choosing appropriate models and assumptions for measurement of ECL.
- (VIII) Fair value measurements and valuation processes
- In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.
  - Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 31
  - All assets and liabilities for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level
  - Input that is significant to the fair value measurement as a whole:
- Level 1— Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

- For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
- (IX) The cost of reward point includes the cost of future reward redemption which is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.
- (X) Defined Benefit Plans (Gratuity): The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



**SBI Cards and Payment Services Private Limited**  
**Notes forming part of the financial statements**  
**(Figure in Rupees Lakhs, unless otherwise stated)**

**5. Cash and cash equivalents**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balance with banks (of the nature of cash and cash equivalents)			
Current Accounts	659.50	514.30	730.29
Funds in transit (Lying in nodal account of intermediaries/payment gateway aggregators)	46,057.03	24,759.55	15,741.90
<b>Total</b>	<b>46,716.53</b>	<b>25,273.85</b>	<b>17,472.19</b>

**6. Bank Balance other than (5) above**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Earmarked balances with bank*	4,325.96	3,520.66	10,822.45
<b>TOTAL</b>	<b>4,325.96</b>	<b>3,520.66</b>	<b>10,822.45</b>

(\*) Earmarked balances represents excess balances from customers and unidentified receipts kept in a separate bank account.

**7. Derivative Financial Instruments (Assets)**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>Part I</b>			
(I) Currency Derivatives			
- Spot and forwards	10.35	-	-
<b>Total</b>	<b>10.35</b>	<b>-</b>	<b>-</b>
<b>Part II</b>			
(I) Cash Flow hedging			
- Currency derivatives	10.35	-	-
<b>Total</b>	<b>10.35</b>	<b>-</b>	<b>-</b>
(Refer note no. 37)			

**8. Other receivables**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
To be realised within twelve months after reporting date:			
Receivables considered good			
- Unsecured	21,068.70	8,204.33	9,330.78
Receivables which have significant increase in Credit Risk	62.89	103.28	55.21
<b>Total- Gross</b>	<b>21,131.59</b>	<b>8,307.61</b>	<b>9,385.99</b>
To be realised after twelve months after reporting date:			
Receivables considered good			
- Unsecured	8,334.86	6,680.53	3,917.04
<b>Total- Gross</b>	<b>8,334.86</b>	<b>6,680.53</b>	<b>3,917.04</b>
<b>Less:</b>			
Impairment loss allowance	(62.89)	(103.28)	(55.21)
<b>Total- Net</b>	<b>29,403.56</b>	<b>14,884.86</b>	<b>13,247.82</b>

The average credit year on sales of services is 30-60 days. No interest is charged on trade receivables from the date of the invoice. Company manages its credit risk from customers from credit approvals, establishing credit limits and monitoring credit worthiness of its customers. The Company uses a provision matrix taking into account historical experience and available internal and external risk factors to compute expected credit loss allowance for other receivables and unbilled revenue. Of the total receivable VISA and Master Card accounts for 42% in 2018-19, 73% in 2017-18 & 69% in 2016-17.

**Movement in the expected credit loss allowance**

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at beginning of the year	(103.28)	(55.21)
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	40.39	(48.07)
Balance at end of the year	<b>(62.89)</b>	<b>(103.28)</b>



*Handwritten signature/initials in blue ink.*

SBI Cards and Payment Services Private Limited  
Notes forming part of the financial statements  
(Figure in Rupees Lakhs, unless otherwise stated)

9. Loans

At Amortized Cost	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(A)			
Loans & advances to customers			
- To be realised within twelve months after reporting date	1,659,863.04	1,322,691.42	965,822.89
- To be realised after twelve months after reporting date	192,766.31	134,288.50	64,696.78
<b>Total (A)- Gross</b>	<b>1,852,629.35</b>	<b>1,456,979.92</b>	<b>1,030,519.67</b>
Less:			
Impairment loss allowance	(61,756.63)	(52,425.96)	(32,234.64)
<b>Total (A)- Net</b>	<b>1,790,872.72</b>	<b>1,404,553.96</b>	<b>998,285.03</b>
(B)			
(i) Secured by lien on fixed deposits and financial guarantees	24,781.11	26,293.29	28,166.71
(ii) Unsecured	1,827,848.24	1,430,686.63	1,002,352.96
<b>Total (B)- Gross</b>	<b>1,852,629.35</b>	<b>1,456,979.92</b>	<b>1,030,519.67</b>
Less:			
Impairment loss allowance	(61,756.63)	(52,425.96)	(32,234.64)
<b>Total (B)- Net</b>	<b>1,790,872.72</b>	<b>1,404,553.96</b>	<b>998,285.03</b>
(C) Loans in India			
(i) Public sector	224.16	686.88	114.67
(ii) Others	1,852,405.19	1,456,293.04	1,030,405.00
<b>Total (C)- Gross</b>	<b>1,852,629.35</b>	<b>1,456,979.92</b>	<b>1,030,519.67</b>
Less:			
Impairment loss allowance	(61,756.63)	(52,425.96)	(32,234.64)
<b>Total (C)- Net</b>	<b>1,790,872.72</b>	<b>1,404,553.96</b>	<b>998,285.03</b>
(D)			
(i) Standard Advances	1,807,334.46	1,415,730.23	1,006,429.44
Less : - Impairment loss allowance	(31,643.35)	(24,651.94)	(15,877.65)
<b>Total</b>	<b>1,775,691.11</b>	<b>1,391,078.29</b>	<b>990,551.79</b>
(ii) Sub-standard Advances	45,294.89	41,249.69	24,090.23
Less : - Impairment loss allowance	(30,113.28)	(27,774.02)	(16,356.99)
<b>Total</b>	<b>15,181.61</b>	<b>13,475.67</b>	<b>7,733.24</b>
<b>Total (D)- Net</b>	<b>1,790,872.72</b>	<b>1,404,553.96</b>	<b>998,285.03</b>

10. Investments

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At Amortized Cost			
Investment to be realised after twelve months after the reporting date			
-Equity instruments	0.10	0.10	0.10
At Fair Value through Other Comprehensive Income			
Investment to be realised after twelve months after the reporting date			
-Equity instruments	146.21	-	-
<b>Total</b>	<b>146.31</b>	<b>0.10</b>	<b>0.10</b>

During the year ending March 31, 2019, 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	138,022.38	3,500.00	3,501.67
HDFC Liquid Fund	542,979.63	19,500.00	19,514.26
ICICI Liquid Fund	10,198,137.02	27,500.00	27,513.73
Reliance Liquid Fund	147,529.39	6,500.00	6,502.76
SBI Premier Liquid Fund	693,183.18	19,500.00	19,505.88
<b>Total</b>	<b>11,719,851.61</b>	<b>76,500.00</b>	<b>76,538.30</b>

The details of units purchased and sold during the previous year 2017-18 is as

Fund Name	Units	Purchase Amount	Sale Amount
Axis Liquid Fund	3,589,262.21	66,500.00	66,528.83
HDFC Liquid Fund	785,283.59	26,000.00	26,006.21
ICICI Liquid Fund	12,786,569.18	31,500.00	31,511.30
SBI Premier Liquid Fund	715,075.02	19,000.00	19,007.37
<b>Total</b>	<b>17,876,190.01</b>	<b>143,000.00</b>	<b>143,053.72</b>



8



**SBI Cards and Payment Services Private Limited**  
**Notes forming part of the financial statements**  
**(Figure in Rupees Lakhs, unless otherwise stated)**

**11. Other Financial assets**

<u>Particulars</u>	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>	<u>As at April 01, 2017</u>
To be realised after twelve months after reporting date:			
-Security deposits			
- Unsecured, considered good	583.69	490.79	245.11
Fixed Deposits (under lien for guarantees)	527.00	27.00	2.00
<b>Total</b>	<b>1,110.69</b>	<b>517.79</b>	<b>247.11</b>

**12. Current Tax Liabilities/Assets (Net)**

<u>Particulars</u>	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>	<u>As at April 01, 2017</u>
<b>Tax liability(Net)</b>			
To be settled within twelve months after reporting date:			
-Provision for tax	8,070.52	1,191.26	173.36
	<b>8,070.52</b>	<b>1,191.26</b>	<b>173.36</b>



*(Handwritten signature)*

SBI Cards and Payment Services Private Limited  
Notes to the financial statements for the year ended March 31, 2019  
(Figure in Rupees Lakhs, unless otherwise stated)

13. Deferred Tax Assets (Net)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
To be adjusted after twelve months after reporting date:			
-Deferred tax asset	15,863.10	8,215.21	12,846.01
<b>Total</b>	<b>15,863.10</b>	<b>8,215.21</b>	<b>12,846.01</b>

For the financial year 2018-19

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to profit and loss	Acquisitions / disposals	Liabilities associated with assets classified as held for sale (note 21)	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>								
Property, plant and equipment	14.41	8.83	-	-	-	-	-	23.24
Membership & Processing fee	7,338.84	3,065.81	-	-	-	-	-	10,404.65
Provision for expenses	2,479.30	33.07	-	-	-	-	-	2,512.38
Staff benefits and statutory dues	217.40	19.26	2.28	-	-	-	-	238.93
Fair Value of Derivative	(60.19)	60.18	(7.60)	-	-	-	-	(7.60)
Deferred revenue	(2,312.00)	2,312.00	-	-	-	-	-	-
Amortisation of card acquisition cost	(12,854.94)	(7,434.42)	-	-	-	-	-	(20,289.36)
Provisions	-	7.97	-	-	-	-	-	7.97
Provision for doubtful debts & ECL	13,479.06	9,642.36	-	-	-	-	-	23,121.43
Defined benefit obligation	-	-	-	-	-	-	-	-
Debt issue expenses	(86.67)	(61.86)	-	-	-	-	-	(148.53)
Other financial liabilities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8,215.21</b>	<b>7,653.21</b>	<b>(5.32)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,863.10</b>

There is no unrecognised deductible temporary differences.

For the financial year 2017-18

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to profit and loss	Acquisitions / disposals	Liabilities associated with assets classified as held for sale (note 21)	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>								
Property, plant and equipment	9.00	5.40	-	-	-	-	-	14.41
Membership & Processing fee	5,248.19	2,090.65	-	-	-	-	-	7,338.84
Provision for expenses	5,315.69	(2,836.38)	-	-	-	-	-	2,479.30
Staff benefits and statutory dues	161.62	(0.44)	56.21	-	-	-	-	217.40
Fair valuation of derivatives	-	(60.19)	-	-	-	-	-	(60.19)
Deferred revenue	(1,355.61)	(956.39)	-	-	-	-	-	(2,312.00)
Amortisation of card acquisition cost	(5,815.19)	(7,039.75)	-	-	-	-	-	(12,854.94)
Provisions	-	-	-	-	-	-	-	-
Provision for doubtful debts & ECL	9,352.47	4,126.59	-	-	-	-	-	13,479.06
Defined benefit obligation	-	-	-	-	-	-	-	-
Debt issue expenses	(70.16)	(16.51)	-	-	-	-	-	(86.67)
<b>Total</b>	<b>12,846.01</b>	<b>(4,687.01)</b>	<b>56.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,215.21</b>

There is no unrecognised deductible temporary differences.



SBI Cards and Payment Services Private Limited  
Notes forming part of the financial statements  
(Figure in Rupees Lakhs, unless otherwise stated)

14. Property, plant and equipment

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Carrying amounts of:			
Furniture & Fixture	17.19	16.52	23.26
Office equipment	19.28	6.78	1.70
Owned Vehicles	7.66	-	8.89
Computer	7.14	0.29	2.00
Leasehold improvements	100.15	101.48	129.92
Vehicles on Finance Lease	360.52	343.48	195.64
<b>Total</b>	<b>511.94</b>	<b>468.55</b>	<b>361.41</b>

14.1 Property Plant and Equipments-Cost

Particulars	Furniture & Fixture	Office equipment	Owned Vehicles	Computer	Leasehold Improvements	Vehicles on Finance Lease	Total
Balance at April 01, 2017	23.26	1.70	8.89	2.00	129.92	195.64	361.41
Additions	6.73	7.41	-	-	-	328.15	342.29
Deletions	(11.66)	(1.31)	(8.89)	(1.45)	(8.39)	(103.38)	(135.08)
<b>Balance at March 31, 2018</b>	<b>18.33</b>	<b>7.80</b>	<b>-</b>	<b>0.55</b>	<b>121.53</b>	<b>420.41</b>	<b>568.62</b>

14.2 Property Plant and Equipments-Accumulated Depreciation

Particulars	Furniture & Fixture	Office equipment	Owned Vehicles	Computer	Leasehold Improvements	Vehicles on Finance Lease	Total
Balance at April 01, 2017	-	-	-	-	-	-	-
Depreciation during the period	2.82	1.23	1.27	0.62	20.05	93.30	119.28
Eliminated on disposals of assets	(1.01)	(0.21)	(1.27)	(0.36)	-	(16.37)	(19.22)
<b>Balance at March 31, 2018</b>	<b>1.81</b>	<b>1.02</b>	<b>-</b>	<b>0.26</b>	<b>20.05</b>	<b>76.93</b>	<b>100.07</b>
<b>Net book value as on March 31, 2018</b>	<b>16.52</b>	<b>6.78</b>	<b>-</b>	<b>0.29</b>	<b>101.48</b>	<b>343.48</b>	<b>468.55</b>

14.1 Property Plant and Equipments-Cost

Particulars	Furniture & Fixture	Office equipment	Owned Vehicles	Computer	Leasehold Improvements	Vehicles on Finance Lease	Total
Balance at April 01, 2018	18.33	7.80	-	0.55	121.53	420.41	568.62
Additions	9.15	15.99	8.09	8.06	20.85	144.86	207.00
Deletions	(7.49)	(1.05)	-	(0.55)	-	(3.48)	(12.57)
<b>Balance at March 31, 2019</b>	<b>19.99</b>	<b>22.74</b>	<b>8.09</b>	<b>8.06</b>	<b>142.38</b>	<b>561.79</b>	<b>763.05</b>

14.2 Property Plant and Equipments-Accumulated Depreciation

Particulars	Furniture & Fixture	Office equipment	Owned Vehicles	Computer	Leasehold Improvements	Vehicles on Finance Lease	Total
Balance at April 01, 2018	1.81	1.02	-	0.26	20.05	76.93	100.07
Depreciation during the period	1.83	2.55	0.43	0.95	22.18	127.43	155.37
Eliminated on disposals of assets	(0.84)	(0.11)	-	(0.29)	-	(3.09)	(4.33)
<b>Balance at March 31, 2019</b>	<b>2.80</b>	<b>3.46</b>	<b>0.43</b>	<b>0.92</b>	<b>42.23</b>	<b>201.27</b>	<b>251.11</b>
<b>Net book value as on March 31, 2019</b>	<b>17.19</b>	<b>19.28</b>	<b>7.66</b>	<b>7.14</b>	<b>100.15</b>	<b>360.52</b>	<b>511.94</b>

There has been no impairment losses recognised during the year and no assets pledged as security



SBI Cards and Payment Services Private Limited  
Notes forming part of the financial statements  
(Figure in Rupees Lakhs, unless otherwise stated)  
15. Other non Financial assets

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>To be realised within twelve months after reporting date:</b>			
-Service tax / GST recoverable (Service tax recoverable includes Pre-deposits for appeal and Show cause notices-refer note - 46)			
- Unsecured, considered good	7,260.43	5,823.81	602.22
- Unsecured, considered doubtful	11,946.91	-	-
<b>Total (A)- Gross</b>	<b>19,207.34</b>	<b>5,823.81</b>	<b>602.22</b>
<b>Less:</b>			
'Impairment loss allowance (refer note no.52)	(11,946.91)	-	-
<b>Total (A)- Net</b>	<b>7,260.43</b>	<b>5,823.81</b>	<b>602.22</b>
-Prepaid expenses	1,040.53	1,774.08	532.72
-Unamortised Card acquisition cost	9,236.35	6,278.33	4,094.06
-Other advances			
- Unsecured, considered good	1,225.71	1,787.57	231.03
- Unsecured, considered doubtful	9.16	7.33	0.50
<b>Less:</b>			
'Impairment loss allowance	(9.16)	(7.33)	(0.50)
<b>Total (B)- Net</b>	<b>11,502.59</b>	<b>9,839.98</b>	<b>4,857.81</b>
<b>To be realised after twelve months after reporting date:</b>			
-Unamortised Card acquisition cost	48,826.15	30,866.08	12,708.96
-Advance income tax (net of provision)	2,829.60	2,454.84	2,949.28
<b>Total (C)- Net</b>	<b>51,655.75</b>	<b>33,320.92</b>	<b>15,658.24</b>
<b>Total (A+B+C)</b>	<b>70,418.77</b>	<b>48,984.71</b>	<b>21,118.27</b>

16. Derivative Financial Instruments (Liabilities)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>Part I</b>			
(I) Currency Derivatives			
-Spot and forwards	10,953.47	285.37	-
<b>Total</b>	<b>10,953.47</b>	<b>285.37</b>	<b>-</b>
<b>Part I (a)</b>			
(I) Cash Flow hedging			
-Currency derivatives	10,953.47	285.37	-
<b>Total</b>	<b>10,953.47</b>	<b>285.37</b>	<b>-</b>
(Refer note no. 37)			



Handwritten signature or mark.

**SBI Cards and Payment Services Private Limited**  
**Notes forming part of the financial statements**  
**(Figure in Rupees Lakhs, unless otherwise stated)**

**17. Payables**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>Payable within twelve months after reporting date:</b>			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	0.19	15.50	107.00
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises			
<b>Total (A)</b>	<b>58,837.79</b>	<b>39,414.10</b>	<b>11,779.92</b>
<b>Payable within twelve months after reporting date:</b>	<b>58,837.98</b>	<b>39,429.60</b>	<b>11,886.92</b>
(II) Other payables			
(i) total outstanding dues of creditors other than micro enterprises and small enterprises			
(a) total outstanding dues to employees	68.63	7.98	2.69
(b) total outstanding dues to capital creditors			
<b>Total (B)</b>	<b>68.63</b>	<b>7.98</b>	<b>17.83</b>
<b>Total (A+B)</b>	<b>58,906.61</b>	<b>39,437.58</b>	<b>11,907.44</b>

(\*) Average credit period is 30 to 120 days from the date of services rendered and no interest is due on outstanding balances as at reporting date. The company has financial risk management policies in place to ensure that all payable are paid within the pre agreed credit terms

**17.1 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

In terms of notification dated September 4, 2015 Issued by the Central Government of India, the disclosure related to trade payables as at the end of the year are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.19	15.50	107.00
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
(iv) The amount of Interest due and payable for the year	-	-	-
(v) The amount of Interest accrued and remaining unpaid at the end of the accounting year	-	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.



*[Handwritten signature]*



**SBI Cards and Payment Services Private Limited**  
**Notes forming part of the financial statements**  
**(Figure in Rupees Lakhs, unless otherwise stated)**

**18. Debt Securities**  
**At amortized cost**

<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>	<b>As at April 01, 2017</b>
<b>(A)</b>			
(i) Commercial paper			
- To be settled within twelve months after reporting date;	211,984.32	233,910.48	750,978.17
(ii) Debentures			
- To be settled after twelve months after reporting date;	195,947.24	60,982.12	-
<b>Total (A)</b>	<b>407,931.56</b>	<b>294,892.60</b>	<b>750,978.17</b>
<b>(B)</b>			
Debt Securities in India	407,931.56	294,892.60	750,978.17
Debt Securities outside India	-	-	-
<b>Total (B)</b>	<b>407,931.56</b>	<b>294,892.60</b>	<b>750,978.17</b>

**18.1 Details of non-convertible debentures (NCD)**

<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>	<b>As at April 01, 2017</b>
9.15% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Jun'22)	45,000.00	-	-
8.10% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in May'21)	11,000.00	11,000.00	-
9.5% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Oct'20)	50,000.00	-	-
7.55% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Aug'20)	50,000.00	50,000.00	-
8.90% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in May'20)	40,000.00	-	-
<b>Total</b>	<b>196,000.00</b>	<b>61,000.00</b>	<b>-</b>
Amortization Expense	(52.76)	(17.88)	-
<b>Total</b>	<b>195,947.24</b>	<b>60,982.12</b>	<b>-</b>



SBI Cards and Payment Services Private Limited  
Notes forming part of the financial statements  
(Figure in Rupees Lakhs, unless otherwise stated)

19. Borrowings (other than debt securities)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	
<b>A</b>				
At amortized cost				
(a) From Bank (Related Party)				
Secured Loans (Refer note 19.1 below)				
(i) Working capital loans				
- To be settled within twelve months after reporting date;	605,568.42	633,025.52	19,527.94	
(ii) Foreign currency working capital loans				
- To be settled within twelve months after reporting date;	131,686.82	97,200.59	-	
(b) From Bank (other than Related Party)				
Secured Loans (Refer note 19.1 below)				
(i) Working capital loans				
- To be settled within twelve months after reporting date;	82,496.88	-	-	
(c) Finance lease obligations*				
- To be settled within twelve months after reporting date;	92.26	85.44	78.17	
- To be settled after twelve months after reporting date;	243.20	222.93	118.24	
*(Secured by way of hypothecation of vehicles taken on finance lease)				
<b>Total (A)</b>	<b>820,087.58</b>	<b>730,534.48</b>	<b>19,724.35</b>	
<b>(B)</b>				
Borrowings in India	820,087.58	730,534.48	19,724.35	
Borrowings outside India	-	-	-	
<b>Total (B)</b>	<b>820,087.58</b>	<b>730,534.48</b>	<b>19,724.35</b>	
<b>Note 19.1 Secured by</b>				
<b>Primary Security</b>	<b>Collateral Security</b>	<b>Repayment terms</b>	<b>Guaranteed by</b>	<b>Details of Default</b>
First Charge on entire current assets of the company (present and future) incl. Hypothecation of Receivables.	First Charge on entire fixed assets of the company (present and future), excluding vehicles financed by other institutions.	Within 12 months	N.A.	N.A.

As on date of Balance sheet, Company has not defaulted on any interest and repayment of borrowings



**SBI Cards and Payment Services Private Limited**  
**Notes forming part of the financial statements**  
**(Figure in Rupees Lakhs, unless otherwise stated)**

**20. Subordinated Liabilities**

<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>	<b>As at April 01, 2017</b>
<b>Unsecured non-convertible debentures</b>			
- Redeemable within twelve months after reporting date; and	4,999.05	4,997.10	3,997.30
- Redeemable after twelve months after reporting date;	114,680.80	94,806.64	49,892.35
<b>Total (A)</b>	<b>119,679.85</b>	<b>99,803.74</b>	<b>53,889.65</b>
<b>(B)</b>			
Subordinated liabilities In India	119,679.85	99,803.74	53,889.65
Subordinated liabilities outside India	-	-	-
<b>Total (B)</b>	<b>119,679.85</b>	<b>99,803.74</b>	<b>53,889.65</b>

**20.1 Details of non-convertible debentures**

<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>	<b>As at April 01, 2017</b>
9.55% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Jan'29)	25,000.00	-	-
8.10% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Oct'23)	20,000.00	20,000.00	20,000.00
8.30% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in May'23)	50,000.00	50,000.00	-
9.65% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Apr'22)	10,000.00	10,000.00	10,000.00
9.00% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Nov'21)	10,000.00	10,000.00	10,000.00
9.50% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Sep'19)	5,000.00	5,000.00	5,000.00
9.85% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Mar'19)	-	5,000.00	5,000.00
9.95% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Jan'18)	-	-	4,000.00
<b>Total</b>	<b>120,000.00</b>	<b>100,000.00</b>	<b>54,000.00</b>
Amortization Expense	(320.15)	(196.26)	(110.35)
<b>Total</b>	<b>119,679.85</b>	<b>99,803.74</b>	<b>53,889.65</b>



**SBI Cards and Payment Services Private Limited**  
**Notes forming part of the financial statements**  
**(Figure in Rupees Lakhs, unless otherwise stated)**

**21. Other financial liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Payable within twelve month after reporting year:			
Interest accrued but not due	14,562.54	7,019.47	1,461.38
Other liabilities	621.24	524.68	393.46
Payable to Network Partners	66,668.45	43,443.67	18,713.29
Excess amount from Card holders	13,950.26	13,519.91	8,274.83
<b>Total</b>	<b>95,802.49</b>	<b>64,507.73</b>	<b>28,842.96</b>

**22. Provisions**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>Employee Benefits</b>			
(i) Liabilities to be settled within twelve months after reporting date			
- Provision for compensated absence	113.76	94.13	76.92
- Provision for gratuity	190.53	645.99	319.87
- Provision for long service awards	31.04	17.15	18.23
- Provision for bonus & Incentive Payable	2,058.10	1,287.72	901.84
- Provision for ESOP	-	-	12.00
	<b>2,393.43</b>	<b>2,044.99</b>	<b>1,328.86</b>
(ii) Liabilities to be settled after twelve months after reporting date			
- Provision for compensated absence	384.66	373.88	270.25
- Provision for long service awards	147.75	136.98	66.18
- Provision for ESOP	-	-	1.28
	<b>532.41</b>	<b>510.86</b>	<b>337.71</b>
<b>Others</b>			
(i) Liabilities to be settled within twelve months after reporting date			
- Provision for reward points redemption	36,660.58	25,478.78	18,855.59
- Provision for expenses	6,958.06	7,033.82	14,757.59
- Provision for expenses- Related party	282.92	372.58	643.43
- Interim equity dividend	8,372.62	-	7,850.00
- Provision for tax on interim equity dividend	1,720.93	-	1,598.08
	<b>53,995.11</b>	<b>32,885.18</b>	<b>43,704.69</b>
(ii) Liabilities to be settled after twelve months after reporting date			
- Provision for reward points redemption	7,981.81	6,147.58	4,150.16
	<b>7,981.81</b>	<b>6,147.58</b>	<b>4,150.16</b>
<b>Total</b>	<b>64,902.76</b>	<b>41,588.61</b>	<b>49,521.42</b>

**23. Other non financial liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Liabilities to be settled within twelve months after reporting date:			
Revenue received in advance			
- Unamortised membership fees and subvention income	26,265.72	17,978.68	12,817.31
- Statutory liabilities	28,036.91	13,152.71	1,523.58
<b>Total</b>	<b>54,302.63</b>	<b>31,131.39</b>	<b>14,340.89</b>



*Handwritten signature or mark.*

**SBI Cards and Payment Services Private Limited**  
**Notes forming part of the financial statements**  
**(Figure in Rupees Lakhs, unless otherwise stated)**

**24. Equity Share Capital**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>Authorised Capital</b>			
1,000,000,000 (Previous year 1,000,000,000) equity shares of Rs.10 each	100,000.00	100,000.00	100,000.00
	100,000.00	100,000.00	100,000.00
<b>Issued, Subscribed and Paid up</b>			
837,222,224 ( Previous year 785,000,002) equity shares of Rs.10 each	83,722.22	78,500.00	78,500.00
<b>TOTAL</b>	<b>83,722.22</b>	<b>78,500.00</b>	<b>78,500.00</b>

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:**

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
<b>Reconciliation of the number of shares</b>						
Balance as at the beginning of the year	785,000,002	78,500.00	785,000,002	78,500.00	785,000,002	78,500.00
Movements*	52,222,222	5,222.22	-	-	-	-
<b>Balance as at the end of the year</b>	<b>837,222,224</b>	<b>83,722.22</b>	<b>785,000,002</b>	<b>78,500.00</b>	<b>785,000,002</b>	<b>78,500.00</b>

\* During the year company has issued additional 52,222,222 shares through right issues at fair market value of Rs. 90 each aggregating to Rs. 47000 lakhs.

**(ii) Rights, preferences and restriction attached to shares**

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.

**(iii) Shares held by each shareholder holding more than 5% of the aggregate shares in the Company**

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	%	Number of Shares	%	Number of Shares	%	Number of Shares
<b>Holding Company</b>						
Shares held by State Bank of India	74%	619,544,445	74%	580,900,001	60%	471,000,002
Shares held by CA Rover Holdings	26%	217,677,779	26%	204,100,001	0%	-
Shares held by GE Capital Mauritius Overseas Investment	0%	-	0%	0	40%	314,000,000



*[Handwritten signature]*

**SBI Cards and Payment Services Private Limited**  
**Notes forming part of the financial statements**  
**(Figure in Rupees Lakhs, unless otherwise stated)**  
**25. Other equity**

**Particulars**

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Capital reserve (refer note 25.1 below)	-	-	41.36
Statutory reserve (refer note 25.2 below)	-	-	32,037.55
General reserve (refer note 25.3 below)	55,055.98	39,300.14	476.61
Securities Premium reserve (refer note 25.4 below)	517.97	517.97	-
Cash flow hedging reserve (refer note 25.5 below)	41,777.78	-	-
Retained earnings (refer note 25.6 below)	14.16	-	-
<b>TOTAL</b>	<b>137,654.35</b>	<b>84,728.82</b>	<b>33,966.63</b>
	<b>235,020.24</b>	<b>124,546.93</b>	<b>66,522.15</b>

**25.1 Capital reserve**

**Particulars**

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balance at beginning of year	-	-	49.00
Add: Deferred tax adjustment	-	41.36	-
Less: Utilised during the year	-	-	(7.64)
Less: Transferred to General Reserve	-	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>(41.36)</b>	<b>41.36</b>

**25.2 Statutory reserve**  
**(Under Section 45-IC of the Reserve Bank of India Act, 1934)**

**Particulars**

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balance at beginning of year	-	-	24,229.39
Add: Transferred from surplus balance @ 20%	39,300.14	32,037.55	7,808.16
Add: Deferred tax adjustment	15,755.84	7,262.59	-
<b>Balance at end of year</b>	<b>55,055.98</b>	<b>39,300.14</b>	<b>32,037.55</b>

**25.3 General reserve**

**Particulars**

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balance at beginning of year	-	-	476.61
Add: Amount transferred from Capital Reserve	517.97	476.61	-
Add: Deferred tax adjustment	-	41.36	-
<b>Balance at end of year</b>	<b>517.97</b>	<b>517.97</b>	<b>476.61</b>

**25.4 Securities premium reserve**

**Particulars**

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balance at beginning of year	-	-	-
Add: During the year	41,777.78	-	-
Add: Deferred tax adjustment	-	-	-
<b>Balance at end of year</b>	<b>41,777.78</b>	<b>-</b>	<b>-</b>

**25.5 Cash flow hedge reserve**

**Particulars**

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balance at beginning of year	-	-	-
Add: During the year	21.76	-	-
Add: Deferred tax adjustment	(7.60)	-	-
<b>Balance at end of year</b>	<b>14.16</b>	<b>-</b>	<b>-</b>

**25.6 Retained earnings**

**Particulars**

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balance at beginning of year	-	-	12,248.91
Add: Profit for the year	84,728.82	33,966.63	38,973.96
Less: Interim equity dividend	78,779.18	58,130.98	(7,850.00)
Less: Tax on Interim equity dividend	(8,372.62)	-	(1,598.08)
Add: transfer From Other Comprehensive Income	(1,720.93)	-	-
Less: Transfer to Statutory reserve	(4.26)	(106.20)	-
<b>Balance at end of year</b>	<b>137,654.35</b>	<b>84,728.82</b>	<b>33,966.63</b>



*[Handwritten signature]*



**SBI Cards and Payment Services Private Limited**  
**Notes to statement of profit and loss**  
**(Figure in Rupees Lakhs, unless otherwise stated)**

**26. Net gain / (loss) on fair value changes**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Net gain/loss on financial instruments at fair value through profit or loss</b>		
(i) On trading portfolio	-	-
(ii) On financial instruments designated at fair value through profit or loss		
<b>Total</b>	<b>10.35</b>	<b>-</b>
<b>Fair Value changes:</b>	<b>10.35</b>	<b>-</b>
-Realised		
-Unrealised	-	-
<b>Total</b>	<b>10.35</b>	<b>-</b>

**27. Other income**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit on sale of Investment	38.30	53.72
Bad Debts Recovered	25,342.58	17,325.48
Other Interest Income	427.12	343.17
Liabilities written back	107.91	156.66
Net gain on foreign currency transactions	1,631.50	-
<b>Total</b>	<b>27,547.41</b>	<b>17,879.03</b>

**28. Finance costs**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>(A) At Amortised cost</b>		
Interest on borrowings	42,879.55	8,855.92
Interest on debt securities	35,152.16	51,426.95
Interest on subordinated liabilities	9,049.77	7,749.28
Net Loss on foreign currency transactions and translation (considered as finance cost)	2,226.30	2,571.20
<b>Total (A)</b>	<b>89,307.78</b>	<b>70,603.35</b>
<b>(B) Financial instruments designated as hedging instruments</b>		
Cost of Hedging	11,076.21	-
<b>Total (B)</b>	<b>11,076.21</b>	<b>-</b>
<b>Total (A+B)</b>	<b>100,383.99</b>	<b>70,603.35</b>

**29. Employee benefits expenses**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages	13,540.85	10,648.12
Contribution to provident fund	567.99	458.31
Contribution to other funds	292.70	345.40
Staff welfare expenses	1,291.66	1,487.22
<b>Total</b>	<b>15,693.20</b>	<b>12,939.05</b>



*g f*

**SBI Cards and Payment Services Private Limited**  
**Notes to statement of profit and loss**  
**(Figure in Rupees Lakhs, unless otherwise stated)**  
**30. Depreciation, amortisation and impairment**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation expenses	155.37	119.28
<b>Total</b>	<b>155.37</b>	<b>119.28</b>

**31. Operating and other expenses**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumption of plastic cards & embossing	3,066.52	1,834.75
Rent and hire charges	1,336.33	1,010.76
Travelling and conveyance	1,354.62	1,219.57
Telephone, fax and postage	3,919.66	3,288.39
Card transaction charges	30,941.37	21,055.62
Advertisement	6,130.38	4,850.65
Sales Promotion	165,518.50	121,459.38
Insurance expense	334.14	220.91
Professional & Consulting fees	11,215.68	10,186.05
Processing Charges	78,678.91	65,462.71
Rates and taxes	313.00	17.51
Collection charges	20,385.92	14,142.17
Repairs and maintenance-others	309.77	465.19
Auditor's remuneration (refer note 38)	36.18	39.55
Power and fuel	219.96	308.22
Printing, stationery and office supplies	3,201.47	3,274.54
Royalty Expenses	1,575.80	1,028.87
Reward points redemption	41,307.47	30,158.44
Surcharge Waiver to Customer	3,326.72	2,460.56
Donation	43.87	-
Net loss on fair value changes of derivative	-	285.37
Other Advances written off / provision for doubtful advances	12,072.84	101.09
Other Expenses	43.45	64.91
Net loss on foreign currency transactions	-	43.60
Loss on sale of fixed assets	6.28	16.30
<b>Total</b>	<b>385,338.84</b>	<b>282,995.11</b>

\* Operating & other expenses includes year end provision for FY 2018-19 amounting to Rs. 718,971,901 and reversal of year end provision for FY 2017-18 amounting to Rs. 709,515,708



*[Handwritten signature]*

**SBI Cards and Payment Services Private Limited**  
**Notes to statement of profit and loss**  
**(Figure in Rupees Lakhs, unless otherwise stated)**

**32. CSR Expenses**

Pursuant to section 135 of the Companies Act, 2013 the company has incurred expenditure in respect of

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
CSR Expenses	1,263.27	908.67
<b>Total</b>	<b>1,263.27</b>	<b>908.67</b>

Amount spent during the year on:

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Paid in cash	Yet to be paid in cash	Paid in cash	Yet to be paid in cash
(i) Construction/Acquisition of Assets	523.34	-	201.38	-
(ii) On purposes other than (i) above	739.93	-	707.29	-
<b>Total</b>	<b>1,263.27</b>	<b>-</b>	<b>908.67</b>	<b>-</b>

**33. Impairment losses & bad debts**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Impairment losses & bad debts	108,557.95	83,672.44
<b>Total</b>	<b>108,557.95</b>	<b>83,672.44</b>

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Bad debt written-off	99,267.67	63,433.05
Impairment loss for other receivables	(40.39)	48.07
Impairment loss for stage 1 & 2 assets *	6,991.41	8,774.28
Impairment loss for stage 3 assets	2,339.26	11,417.04
<b>Total</b>	<b>108,557.95</b>	<b>83,672.44</b>

\*Provision as per ECL computation includes provision on standard assets as per RBI prudential norms.



*Handwritten signature*

**SBI Cards and Payment Services Private Limited**  
**Notes to the financial statements for the year ended March 31, 2019**  
**(Figure in Rupees Lakhs, unless otherwise stated)**

**34. Tax expense**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Current tax</b>		
In respect of the current year	50,279.13	27,578.41
In respect of prior years	133.42	(1,452.77)
	<u>50,412.55</u>	<u>26,125.64</u>
<b>Deferred tax</b>		
In respect of the current year	(7,525.65)	3,167.89
In respect of prior years	(24.27)	1,519.12
	<u>(7,550.92)</u>	<u>4,687.01</u>
<b>Total income tax expense recognised in the current year</b>	<u>42,862.63</u>	<u>30,812.65</u>

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax from continuing operations	121,641.81	88,942.60
Income tax expense calculated at 34.944% (2017-2018: 34.608%)	42,506.51	30,781.62
DTA rate change (34.608% to 34.944%)	-	(192.56)
Effect of expenses that are not deductible in determining taxable profit	-	-
Corporate social responsibility	220.32	157.24
Others	26.65	-
	<u>42,753.48</u>	<u>30,746.30</u>
Adjustments recognised in the current year in relation to the current tax of prior	109.15	66.35
Income tax expense recognised in profit or loss	<u>42,862.63</u>	<u>30,812.65</u>

**Income tax recognised in other comprehensive income**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation and fair value of derivative	(5.31)	56.21
<b>Total income tax recognised in other comprehensive income</b>	<u>(5.31)</u>	<u>56.21</u>
Bifurcation of the income tax recognised in other comprehensive income into -		
Items that will not be reclassified to profit or loss	(5.31)	56.21
Items that may be reclassified to profit or loss	-	-
<b>Total</b>	<u>(5.31)</u>	<u>56.21</u>



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a. Net Profit After Tax	78,779.18	58,130.98
b. Weighted average of number of equity shares used in computing basic and diluted earnings per share (in lakhs)	8,198	7,850
c. Basic and diluted earning per share (a/b)	9.61	7.41

**36. Impact of application of Ind AS 115 Revenue from Contracts with Customers**

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

The company has applied Ind AS 115 retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at April 1, 2017. In accordance with the transition guidance in Ind AS 115 has only been applied to contracts that are incomplete as at April 1, 2017. However, the company enters into a variety of services contracts with customers which are governed by Ind AS 115 such as interchange income, membership, business development incentive income and other fees such as ATM fees, late payment etc.

The company's accounting policies for its revenue streams are disclosed in detail in Note 4 above. Apart from providing more extensive disclosures on the company's revenue transactions, impact with amount of adjustment for each financial statement line item affected by the application of Ind AS 115 is provided below.

Impacts on assets, liabilities and equity as at;

Particulars	31-Mar-19			31-Mar-18			1-Apr-17		
	As previously reported	Ind AS 115 adjustments	As restated	As previously reported	Ind AS 115 adjustments	As restated	As previously reported	Ind AS 115 adjustments	As restated
Contract Costs	-	58,062.50	58,062.50	-	37,144.41	37,144.41	-	16,803.02	16,803.02
Contract Liabilities	26,265.72	-	26,265.72	17,978.68	-	17,978.68	12,817.31	-	12,817.31
Contract assets	4,079.66	8,334.66	12,414.32	4,311.65	6,680.53	10,992.18	5,366.64	3,917.04	9,223.68
Deferred tax	-	(23,201.89)	-	-	(15,166.94)	-	-	(7,170.80)	-
Profit and Loss	-	43,195.47	-	-	28,658.01	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	13,549.26	-

Impact of new revenue standard is mainly on account of deferral of card/contract acquisition costs being incremental costs of obtaining a contract which are recognised as assets and amortized over the estimated behavioural life of card/customer. This new revenue guidance also impacts the timing of certain business development incentives recognized in the Company's statement of operations, as they are systematically recognized over the life of the contract. Previously, such incentives were recognized when earned by the customers.



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**Critical accounting estimates** (refer note 4.16)

**Revenue from contracts with customers**

The company has recognised the following amounts relating to revenue in the statement of profit or loss:

<b>Revenue from Services</b>	<b>For the year ended March 31, 2019</b>	<b>For the year ended March 31, 2018</b>
Income from membership fees and services	307,203.69	217,726.66
Service Charges	12,305.74	7,796.54
Business development incentive income	21,667.28	16,284.02
Insurance commission income	872.57	727.53
<b>Total Revenue</b>	<b>341,176.71</b>	<b>241,807.22</b>

**Disaggregation of Revenue**

Disaggregation of revenue is not required as the company's primary business is to provide credit card facility and loans which is governed by Ind AS 109. Company's revenue from provision of services arising from contracts entered with customers to provide interchange services, business development services, membership services and other fees is not concentrated to specific customer/segment. Management reviews the revenue of the Company on the information available as disclosed in Statement of Profit and Loss.

**Transaction price allocated to the remaining performance obligations**

The company applies practical expedient in Ind AS 115 and does not disclose information about remaining performance obligations wherein the company has a right to consideration from customer in an amount that directly corresponds with the value to the customer of entity's performance till date.

The Company's remaining performance periods for its incentive arrangements with interchange / network partners contracts with customers for its payment network services are typically long-term in nature (typically ranging from 3-5 years). Consideration is variable based upon the number of transactions processed and volume activity on the cards. At March 31, 2019, the estimated aggregate consideration allocated to unsatisfied performance obligations for these other value-added services is Rs 8334.86 lakhs, which is expected to be recognized through financial year 2020.

**Receivables from contracts with customers and contract balances**

Other receivable and contract assets are presented net of impairment in note 8.

The following table discloses balances in other receivables and unbilled receivables.





**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

Particulars	As at March 31, 2019	As at March 31, 2018
Other receivable	15,984.19	3,348.79
Contract assets (unbilled)	13,482.26	11,639.35
<b>Total-Gross</b>	<b>29,466.45</b>	<b>14,988.14</b>
To be realised within 12 months from reporting dates	21,131.59	8,307.61
To be realised after 12 months from reporting dates	8,334.86	6,680.53

The company might satisfy a performance obligation before it receives the consideration in which case the company recognises a contract asset or receivable, depending on whether something other than the passage of time is required before the consideration is due. Contract asset gets converted to trade receivables within a time period of 6 months.

The following table provides information about receivables, contract assets and contract liabilities from contract with customers

**Contract Assets**

The contract assets primarily relate to the company's right to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the right become unconditional. Below table shows the movement unbilled revenue.

Particulars	As at 31st March 19	As at 31st March 18
Opening balance	11,639.35	9,223.68
Movement during the year	1,842.92	2,415.67
<b>Closing balance</b>	<b>13,482.26</b>	<b>11,639.35</b>
To be realised within 12 months from reporting dates	5,147.40	4,958.82
To be realised after 12 months from reporting dates	8,334.86	6,680.53

**Contract costs**

The contract cost primarily relates to:

- Cost of acquiring a customer is the incremental cost of obtaining contract with customer, which is recognised in the profit and loss statement over the behavioural life of the customer.
- Sales promotion expenses which are directly related to selling card membership to new customers. This cost is deferred over the membership period consisting of 12 months.

Particulars	As at 31st March 19	As at 31st March 18
Opening balance	37,144.41	16,803.02
Capitalised during the year	49,954.17	57,712.74
Amortised during the year	29,036.08	37,371.35
<b>Closing balance</b>	<b>58,062.50</b>	<b>37,144.41</b>
To be realised within 12 months from reporting dates	9,236.35	6,278.33
To be realised after 12 months from reporting dates	48,826.15	30,866.08



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**Contract liabilities - Revenue received in advance**

The company sells credit card memberships to card holders, income earned from the provision of membership services is recognised as revenue over the membership period at fair value of the consideration net of expected reversals/ cancellations.

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	17,978.68	12,817.31
Capitalised during the year	52,429.76	38,183.31
Amortised during the year	44,142.72	33,021.94
Closing balance	26,265.72	17,978.68
To be realised within 12 months from reporting dates	-	-
To be realised after 12 months from reporting dates	26,265.72	17,978.68

Contract liabilities are presented in note 23 to financial statements

**37. Financial Instruments**

**Capital Management**

Capital risk is the risk that the Company has insufficient capital resources to meet the minimum regulatory requirements to support its credit rating and to support its growth and strategic options. The Company's capital plans are deployed with the objective of maintaining capital that is adequate in quantity and quality to support the Company's risk profile, regulatory and business needs. Management/ALCO is responsible for ensuring the effective management of capital risk. Capital risk is measured and monitored using limits set out in relation to the capital and leverage, all of which are calculated in accordance with relevant regulatory requirements.

Tier 1 capital consists of Equity share capital, Reserve & Surplus (netted off Intangibles).

Tier 2 capital consists of Provision for Standard Assets & Subordinated debts as per extant RBI Prudential norms for NBFCs.

Details of Tier 1 capital are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Tier I Capital	244,816.86	157,687.31	119,330.13

Details of Tier 2 capital are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Tier II Capital	98,229.34	86,369.15	45,025.7

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

As contained in RBI Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (hereinafter referred to as "RBI Master Directions"), the Company is required to maintain a capital ratio consisting of Tier I and Tier II capital not less than 15 % of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off- balance sheet items. Out of this, Tier I capital shall not be less than 10%. The Board of Director's regularly monitors the maintenance of prescribed levels of Capital Risk Adjusted Ratio (CRAR).

**Key capital Ratios**

Capital Risk Adjusted Ratio (CRAR) maintained and monitored by Company is as under:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
CRAR – Tier I Capital	13.30%	10.97%	11.66%
CRAR – Tier II Capital	5.34%	6.01%	4.40%
Total CRAR	18.63%	16.98%	16.06%

Company makes all efforts to comply with the above requirements. Further, Company has complied with all externally imposed capital requirements and internal and external stress testing requirements.

Also, the management of the company monitors its dividend pay-out. Dividend distribution policy of the company focuses on the factors including but not limited to future capital expenditure plans, profits earned during the financial year, cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time.



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**37.1. Financial instruments by category and fair value measurements**

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities Designated as hedging Instruments	Total carrying value	Total fair value
		Designated upon initial recognition	Equity instruments designated upon initial recognition			
<b>Assets:</b>						
Cash and cash equivalents (Refer Note 5)	46,716.53	-	-	-	46,716.53	46,716.53
Bank Balance other than (a) above (Refer Note 6)	4,325.96	-	-	-	4,325.96	4,325.96
Derivative Asset (Refer Note 7)	-	10.35	-	-	10.35	10.35
Other receivable (Refer Note 8)	29,403.56	-	-	-	29,403.56	28,129.25
Loans (Refer Note 9)	1,790,872.72	-	-	-	1,790,872.72	1,770,842.10
Investments (Refer Note 10)	0.10	-	146.21	-	146.31	146.31
Other Financial assets (Refer Note 11)						
Security deposits	583.69	-	-	-	583.69	490.99
Fixed Deposits (under lien for guarantees)	527.00	-	-	-	527.00	527.00
<b>Total</b>	<b>1,872,429.56</b>	<b>10.35</b>	<b>146.21</b>	<b>-</b>	<b>1,872,586.12</b>	<b>1,851,188.50</b>
<b>Liabilities:</b>						
Derivative Liabilities (Refer Note 16)	-	-	-	10,953.47	10,953.47	10,953.47
Trade payables (Refer Note 17)	58,837.98	-	-	-	58,837.98	58,837.98
Other payables (Refer Note 17)	68.63	-	-	-	68.63	68.63
Debt Securities (Refer Note 18)	407,931.56	-	-	-	407,931.56	407,484.16
Borrowings (Other than Debt Securities) (Refer Note 19)	820,087.58	-	-	-	820,087.58	820,087.58
Subordinated Liabilities (Refer Note 20)	119,679.85	-	-	-	119,679.85	119,127.93
Other financial liabilities (Refer Note 21)						
Interest accrued	14,562.54	-	-	-	14,562.54	14,562.54
Other liabilities	621.24	-	-	-	621.24	621.24
Payable to Network Partners	66,668.45	-	-	-	66,668.45	66,668.45
Excess amount from Card holders	13,950.26	-	-	-	13,950.26	13,950.26
<b>Total</b>	<b>1,502,408.09</b>	<b>-</b>	<b>-</b>	<b>10,953.47</b>	<b>1,513,361.56</b>	<b>1,512,362.25</b>



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities Designated as hedging Instruments	Total carrying value	Total fair value
		Designated upon initial recognition	Equity instruments designated upon initial recognition			
<b>Assets:</b>						
Cash and cash equivalents	25,273.85	-	-	-	25,273.85	25,273.85
Bank Balance other than (a) above	3,520.66	-	-	-	3,520.66	3,520.66
Other receivable	14,884.86	-	-	-	14,884.86	13,905.38
Loans	1,404,553.96	-	-	-	1,404,553.96	1,392,279.04
Investments	0.10	-	-	-	0.10	0.10
Other Financial assets						
Security deposits	490.79	-	-	-	490.79	434.07
Fixed Deposits (under lien for guarantees)	27.00	-	-	-	27.00	27.00
<b>Total</b>	<b>1,448,751.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,448,751.22</b>	<b>1,435,440.11</b>
<b>Liabilities:</b>						
Derivative Liabilities	-	285.37	-	-	285.37	285.37
Trade payables	39,429.60	-	-	-	39,429.60	39,429.60
Other payables	7.98	-	-	-	7.98	7.98
Debt Securities	294,892.60	-	-	-	294,892.60	293,718.13
Borrowings	730,534.48	-	-	-	730,534.48	730,534.48
Subordinated Liabilities	99,803.74	-	-	-	99,803.74	101,901.01
Other financial liabilities						
Interest accrued	7,019.47	-	-	-	7,019.47	7,019.47
Other liabilities	524.68	-	-	-	524.68	524.68
Payable to Network Partners	43,443.67	-	-	-	43,443.67	43,443.67
Excess amount from Card holders	13,519.91	-	-	-	13,519.91	13,519.91
<b>Total</b>	<b>1,229,176.13</b>	<b>285.37</b>	<b>-</b>	<b>-</b>	<b>1,229,461.50</b>	<b>1,230,384.30</b>



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

The carrying value and fair value of financial instruments by categories as of April 01, 2017 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities Designated as hedging Instruments	Total carrying value	Total fair value
		Designated upon initial recognition	Equity instruments designated upon initial recognition			
<b>Assets:</b>						
Cash and cash equivalents	17,472.19	-	-	-	17,472.19	17,472.19
Bank Balance other than (a) above	10,822.45	-	-	-	10,822.45	10,822.45
Other receivable	13,247.82	-	-	-	13,247.82	12,673.52
Loans	998,285.03	-	-	-	998,285.03	992,010.18
Investments	0.10	-	-	-	0.10	0.10
Other Financial assets						
Security deposits	245.11	-	-	-	245.11	218.24
Fixed Deposits (under lien for guarantees)	2.00	-	-	-	2.00	2.00
<b>Total</b>	<b>1,040,074.70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,040,074.70</b>	<b>1,033,198.67</b>
<b>Liabilities:</b>						
Trade payables	11,886.92	-	-	-	11,886.92	11,886.92
Other payables	20.52	-	-	-	20.52	20.52
Debt Securities	750,978.17	-	-	-	750,978.17	750,978.17
Borrowings (Other than Debt Securities)	19,724.35	-	-	-	19,724.35	19,724.35
Subordinated Liabilities	53,889.65	-	-	-	53,889.65	56,200.24
Interest accrued	1,461.38	-	-	-	1,461.38	1,461.38
Other liabilities	393.46	-	-	-	393.46	393.46
Payable to Network Partners	18,713.29	-	-	-	18,713.29	18,713.29
Excess amount from Card holders	8,274.83	-	-	-	8,274.83	8,274.83
<b>Total</b>	<b>865,342.57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>865,342.57</b>	<b>867,653.16</b>



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**Hierarchy of Fair value measurements**

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** - Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**A. Fair value of the Company's financial assets and liabilities that are measured at fair value on a recurring basis**

Financial Asset/ (Financial Liabilities)	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017		
Foreign currency forward contracts designated in hedge accounting relationships ( Refer foreign currency risk management related disclosures given below)	(10,953.47)	-	-	Level 2	Future cash flows are estimated based on forward exchange rates from observable forward exchange rate at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties
Foreign currency forward contracts not designated in hedge accounting relationships ( Refer foreign currency risk management related disclosures given below)	10.35	(265.37)	-	Level 2	Future cash flows are estimated based on forward exchange rates from observable forward exchange rate at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties
Investments in equity instruments at FVTOCI	146.21	-	-	Level 3	Investment was made in July 2018 as per the valuation report at that point in time. Thereafter, based on unaudited financials of the entity, we have not observed any material variation in business performance till date. Considering a very short time between investment date and balance sheet date, we have assumed a fair value equal to the carrying value as on balance sheet date
	3.5% equity investment in Online PSB Loans Ltd (formerly known as Captaworld platform Private Limited). Company is a fintech startup engaged in the business of providing Smart & Digital lending platform and market place*				

\*These investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI, then reflecting changes in fair value immediately in profit or loss.

**B. Fair value of the Company's financial assets and liabilities that are not measured at fair value:**

Except as detailed in the following table, the management consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

Fair value of the Company's financial assets and liabilities that are not measured at fair value as on March 31, 2019 are:

Particulars	Carrying value	Fair value	Fair value measurement at end of the reporting period/year using		
			Level 1	Level 2	Level 3
<b>Assets:</b>					
Loans	1,790,872.72	1,770,842.10	-	-	1,770,842.10
Other receivable	29,403.56	28,129.25	-	-	28,129.25
Other Financial assets					
Security deposits	583.69	490.99	-	-	490.99
<b>Total</b>	<b>1,820,859.97</b>	<b>1,799,462.35</b>	<b>-</b>	<b>-</b>	<b>1,799,462.35</b>
<b>Liabilities:</b>					
Debt Securities	407,931.56	407,484.16	45,288.00	-	362,196.16
Subordinated Liabilities	119,679.85	119,127.93	25,368.75	-	93,759.18
<b>Total</b>	<b>527,611.41</b>	<b>526,612.10</b>	<b>70,656.75</b>	<b>-</b>	<b>455,955.35</b>

Fair value of the Company's financial assets and liabilities that are not measured at fair value as on March 31, 2018 are:

Particulars	Carrying amount	Fair value	Fair value measurement at end of the reporting period/year using		
			Level 1	Level 2	Level 3
<b>Assets:</b>					
Loans	1,404,553.96	1,392,279.04	-	-	1,392,279.04
Other receivable	14,884.86	13,905.38	-	-	13,905.38
Other Financial assets					
Security deposits	490.79	434.07	-	-	434.07
<b>Total</b>	<b>1,419,929.61</b>	<b>1,406,618.50</b>	<b>-</b>	<b>-</b>	<b>1,406,618.50</b>
<b>Liabilities:</b>					
Debt Securities	294,892.60	293,718.13	-	-	293,718.13
Subordinated Liabilities	99,803.74	101,901.01	-	-	101,901.01
<b>Total</b>	<b>394,696.34</b>	<b>395,619.14</b>	<b>-</b>	<b>-</b>	<b>395,619.14</b>

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

Fair value of the Company's financial assets and liabilities that are not measured at fair value as on April 1, 2017 are:

Particulars	Carrying amount	Fair value	Fair value measurement at end of the reporting		
			Level 1	Level 2	Level 3
<b>Assets:</b>					
Loans	998,285.03	992,010.18	-	-	992,010.18
Other receivable	13,247.82	12,673.52	-	-	12,673.52
Other Financial assets					
Security deposits	245.11	218.24	-	-	218.24
<b>Total</b>	<b>1,011,777.96</b>	<b>1,004,901.93</b>	<b>-</b>	<b>-</b>	<b>1,004,901.93</b>
<b>Liabilities:</b>					
Trade payables	11,886.92	11,886.92	-	-	11,886.92
Subordinated Liabilities	53,889.65	56,200.24	-	-	56,200.24
<b>Total</b>	<b>65,776.57</b>	<b>68,087.16</b>	<b>-</b>	<b>-</b>	<b>68,087.16</b>

**C. Reconciliation of Level 3 fair value measurements**

Particulars	Unlisted shares irrevocably as at FVTOCI as at March 31, 2019	Unlisted shares irrevocably as at FVTOCI as at March 31, 2018
Opening balance	-	-
Total gains or losses:	-	-
in profit or loss	-	-
in other comprehensive income	-	-
Purchases	146.21	-
Issues	-	-
Disposals/ settlements	-	-
Transfers out of level 3	-	-
<b>Closing balance</b>	<b>146.21</b>	<b>-</b>

**37.2. Financial risk management**

**Financial risk factors**

The company has exposure to the following types of risks from financial instruments:

- Market risks;
- Credit risk;
- Liquidity risk; and
- Operational risk

The Company has put in place a mechanism to ensure that the risks are monitored carefully and managed efficiently. The Company seeks to minimize the effects of these risks by using asset liability matching strategies and use of derivative financial instruments. The Company's risk management policies are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

The Company's Board of Directors have overall responsibility for the establishment and oversight of the company's risk management framework. The Board of Directors has established the Enterprise Risk Management Committee (ERMC) which is responsible for approving and monitoring company risk management policies. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

**37.2.1. Market risk**

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments.

The company uses a wide range of qualitative and quantitative tools to manage and monitor various types of market risks it is exposed to. Quantitative analysis such as net income sensitivities, stress tests etc. are used to monitor and manage company's market risk appetite.

**A. Interest risk**

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair value of financial instruments because of changes in market interest rates.

The Company does not have any floating rate loans. However, the Company is exposed to interest rate risk on following borrowings which are very short term (upto 12 months) in nature and are open to repricing risk at the time of reborrowing. Repricing risk is the risk of changes in interest rate charged at the time a financial instrument is matured and reborrowed.

Year	Amount	Weighted Average Interest rate
March 31, 2019	1,036,827.75	7.81%
March 31, 2018	969,219.13	7.07%
April 1, 2017	774,581.58	7.69%

Interest rate sensitivity analysis

50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The below table presents the impact on Profit / (Loss) before tax for 50 basis point increase or decrease in interest rate on Company's short-term interest rates liabilities which are open to repricing risk (assuming all other variables are held constant):

Decription	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Total Impact	(5,184.14)	5,184.14	(4,846.10)	4,846.10	(3,872.91)	3,872.91



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

The above sensitivity analysis is prepared assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. A 50-basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates. The company's sensitivity to interest rate has increased on a year to year basis primarily due to business growth and correspondingly increase in borrowings.

**B. Foreign Currency risk**

Foreign Currency risk is the risk that the fair value or future cash flows of a financial instrument, denominated in currency other than functional currency, will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk mainly on its borrowings denominated in foreign currency resulting in exposures to foreign exchange rate fluctuations.

The carrying amount of company's foreign currency denominated borrowings are as follows;

Particulars	Liabilities			Assets		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Borrowings (Other than Debt Securities) (Refer Note 19)	131,686.82	97,200.59	-	-	-	-
Others	3,586.58	2,744.70	1,528.39	12,414.52	4,056.98	256.09
<b>Total</b>	<b>135,273.40</b>	<b>99,945.29</b>	<b>1,528.39</b>	<b>12,414.52</b>	<b>4,056.98</b>	<b>256.09</b>

Foreign currency sensitivity analysis

The below table presents the impact on profit or loss [+ Gain / (-) Loss] before tax for 5% change in foreign currency exchange rate against INR:

Foreign currency sensitivity analysis	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>Impact</b>			
Currency depreciating by 5%	(6,142.94)	(4,794.42)	(63.61)
Currency Appreciating by 5%	6,142.94	4,794.42	63.61

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation for a 5% change in foreign currency rates. Sensitivity analysis given above is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting periods does not reflect the exposure during the years.

Foreign currency risk monitoring and management

The Company's currency risk management policy lays down the appropriate systems and controls to identify, measure and monitors, the currency risk for reporting to the management. Parameters like hedging ratio, un- hedged exposure, mark-to market position, exposure limit with banks etc. are continuously monitored as a part of currency risk management. Exchange rate exposures are managed within approved parameters using forward foreign exchange contracts. Foreign currency exposure under borrowings is fully hedged as on reporting date.

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

Derivative financial instruments

The Company enters in to derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is a bank.

Contracts included in hedge relationship

Cash flow hedging (Spot rate)	Action	Currency	Amount	Exchange rate	Fair value		
					As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Financial Liability ( < 6 Months)	Buy	USD	\$1,903.80	69.17	131,686.82	-	-

During the year ended March 31, 2019, the company has designated certain foreign exchange forward contracts as cash flow hedges the movement in spot rates to mitigate the risk of foreign exchange exposure on underlying foreign currency exposures. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items. If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting and any hedge ineffectiveness is calculated and accounted for in the statement of profit or loss at the time of the hedge relationship rebalancing.

The following table provides the reconciliation of cash flow hedge reserve for the year ended March 31, 2019

Particulars	As at March 31, 2019	As at March 31, 2018
Gain/(loss)		
Balance at the beginning of the period	-	-
Gain/(loss) recognised in other comprehensive income during the period	21.76	-
Amount reclassified to profit or loss during the period	-	-
Tax impact on above	(7.60)	-
<b>Balance at the end of the period</b>	<b>14.16</b>	<b>-</b>

Contracts not designated under hedge relationship

Cash flow hedging	Action	Currency	Amount	Exchange rate	Fair value		
					As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Financial Liability ( < 6 Months)	Buy	USD	\$1,494.40	65.04	-	97,291.82	-
Financial Asset ( < 6 Months)	Sell	USD	\$12.50	69.17	864.63	-	-



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**

(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

Unhedged Position of the company is as follows:

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	USD	Amount	USD	Amount	USD	Amount
Financial Liability	\$51.85	3,586.58	\$40.80	2,653.47	\$23.57	1,528.39
Financial Asset	\$166.98	11,549.90	\$62.38	4,056.98	\$3.95	256.09

**37.2.2. Credit Risk**

Credit risk is the risk of suffering financial loss, should any of the company's customers fail to fulfill their contractual obligations to the company. The credit risk management and control are centralised in a credit risk management team which reports regularly to Chief risk officer and Risk management committee of board of directors (RMCB)

Credit risk arises mainly from loans and advances to retail and corporate customers arising on account of facilitating credit card loans to customers. The company also has exposure to credit risk arising from other financial assets such as cash and cash equivalents, other financial assets including fixed deposits with banks, other receivables from contracts with customers and contract assets etc.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

**A. Credit risk management approach**

Managing credit risk is the most important part of total risk management exercise. The company's credit risk sub-function headed by Chief Risk Officer (CRO) is responsible for the key policies and processes for managing credit risk, which include formulating credit policies and risk rating frameworks, guiding the company's appetite for credit risk exposures, undertaking independent reviews and objective assessment of credit risk, and monitoring performance and management of portfolios. The principal objectives being maintaining across the company a strong culture of responsible lending, and robust risk policies and control frameworks, implementing and continually re-evaluating our risk appetite and ensuring there is adequate scrutiny of credit risks, their costs and their mitigation.

The basic credit risk management would cover two key areas, viz., (a) customer selection & (b) customer management. These are governed by Board Approved Credit Policy and Collections Policy which is reviewed on a regular basis.

**(a) Customer Selection**

Key criterion for customer selection is in accordance with Board Approved Credit Policy, which defines, inter alia, type of customers, category, market segment, income criterion, KYC requirement, documentation etc. The Policy also spells out details of credit appraisal process, delegation structure. The correct customer selection process aims to ensure quality portfolio and lower delinquency.

All the fulfilled applications undergo fraud dedupe check through a fraud detection software for national and local fraud matches. The cases also undergo scrutiny of KYC and income documents where all the approvable cases get screened by internal fraud prevention team for probable fraud alerts. The organization also works on system sampling through rules



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

driven triggers that are based on market knowledge, fraud trends and other portfolio levels indicators.

For retails customers Credit limit is derived based on credit assessment of the individual based on bureau, income documents provided by the applicant and basis the overall risk profiling along with internal credit assessments process. The applications go through the application scorecards for approval. Multiple scorecards tailormade to different customer segments have been implemented which take into consideration; an applicant's demographic, financial details along with credit worthiness assessment derived through the relationships & performance with the competitors.

Organization has worked on strengthening the credit decision process with pre-qualification of the probable customers and scientific selection based on liability score model developed internally for appropriate customer selection and targeting.

Approval rate trend

Different multi-layered strategies have been implemented and overlaid on the score generated for each application to approve or reject. A new scorecard was developed and implemented in Nov'18 with an aim to continue on profitable growth by scaling up card acquisitions without compromising on credit quality. We have made multiple interventions throughout the year to strengthen the acquisition quality. This has led to improvement in approval rates in the current financial year. The changes include discontinuation of programs, revision in MCP, scorecard level changes etc.

Deciding the Credit Limit

Credit limit assignment is a function of income capacity and risk assessment done for the individual applicant. Risk assessment is done based on internal scorecards that are based on applicant bureau history, application profile and demographic variables.

Underwriting Process for unsecured corporate card exposure

- For all unsecured corporate card exposures, SBI Card conducts a detailed subjective assessment based on information taken from the corporate, bureau reports, third party credit assessment agencies like rating agencies and any publicly available information.
- To accurately assess the credit profile of a corporate, SBI Card assesses the performance trends over the recent past as well as the estimate for the near future, and not just at a specific point in time. While the most critical indicators are detailed in the annexure along with the benchmarks approved by the board, many other performance indicators are presented in our credit proposals. These also vary slightly depending on the industry of operation of the corporate (for e.g., for manufacturing companies, working capital cycle and cash flow is assessed in detail; for companies in the service industry profitability margins and customer profile is studied in detail).
- In general, we evaluate the business risks associated with the corporate and its industry, its financial profile, liquidity situation and financial flexibility (in case of any perceived liquidity stress). We assess the trend over the years of various financial indicators like net revenue movement, profitability margins, interest cover, debt-to-equity, current ratio, working capital cycle, cash flow assessment etc. A peer



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

comparison is also made between the corporate and other reputed companies from the same industry.

- Further, we assess the credit history indicators as determined by independent 3rd party agencies – external rating, bureau reporting, RBI negative list and asset classification letters from bankers. If the corporate has availed SBI credit facilities relationship, we also receive the details highlighting the type of facilities, payment track record, SB rating etc. A detailed call is also conducted with the corporate and SBI RM (in case the corporate has availed credit facilities from SBI) in order to clarify any queries/ concerns.
- If the credit profile of the corporate is deemed acceptable, and the corporate meets all the regulatory guidelines, the proposal is put before the approving authority (as per the delegation authority approved by the Board of Directors).

**Underwriting Process for secured corporate card exposure**

SBI Card allows exposure to weaker corporates against liquid securities (e.g. Fixed Deposit & Bank Guarantee). For all secured corporate card exposures, SBI Card checks the bureau reports and a slightly shorter proposal is put before the approving authority (as per the delegation authority approved by the Board of Directors). The security is validated before any cards are issued.

**(b) Customer Management**

Customer management is carried out through Account Management System, which includes:

- Fraud detection
- Portfolio quality review
- Credit line increase
- Cross sell on cards
- Behavior scorecard; and
- Collection score card etc.

The Company deploys right tools & contemporary technology to ensure the same. The company has deployed practices/analytics such as the following to monitor and mitigate credit risk apart from accepting collaterals (for secured category of loan products)

Delinquency metrics have been developed and constantly evaluated & portfolio interventions leading to better quality of incoming new accounts

Strong collection practices driving consistent improvements in collection metrics & leveraging the latest credit bureau (CIBIL) information to improve recoveries from older pools

Strong use of analytics in measuring and monitoring credit risk are used such as;

- Scorecards assessing default risk & payment propensity
- Predictive Business Analytics Models Viz. Debt Estimation, Line Assignment, Profitability based models
- Loss Forecasting Models



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

Portfolio Risk Management encapsulates the full spectrum of the customer lifecycle once the customer's account is onboarded on system. Building on the information captured at the time of sourcing, credit-intelligence enriching activities are undertaken to create a customer's profile around propensity to spend-pay-revolve-cross sell, delinquency, debt burden, spend affinity etc. The profiles are further matured in due course of time with customer's credit behavior- both onus (within the bank) and off us (with competitors from Credit Bureaus).

Portfolio Risk Management Tools

Portfolio Risk Management leverages a host of information available on customer's behavior, both internal (account performance) and external (credit bureau information). These data points are collected at various stages of the customer lifecycle- active, inactive, pre-delinquency, early-delinquency, severe delinquency and post write-off. The usage of these data points is as below:

- **Predictive Modeling**: This is one of the strongest tools available for risk management where statistical scorecards are developed to predict customer's behavior.
- **Bureau data**: Bureau data is a very rich source to create a holistic credit profile of the customer and is refreshed on a quarterly basis. Industry data covers number of trades (by type of trade- PL, Card, mortgage etc.), balances, delinquency history on each trade etc.
- **Bureau event triggers**: Event based triggers can be set to alert a specific activity by the customer with competition banks which is reported to credit bureaus. For example, an inquiry for a personal loan in bureau can be a trigger to offer a Loan on card internally
- **Spend Indicators**: Spends data offers a rich insight into customer's differential risk profile when every other parameter (scores, payment ratio, spend ratio) is constant. A sudden and drastic shift from stable consumption based spend (utilities, groceries, fuel etc.) to aspirational spend (jewelry, apparel, gaming) can indicate future deterioration of risk grade.

Portfolio Management activities

Multiple portfolio management activities are undertaken based on the Risk Management tools described above. These activities and programs heavily leverage the bureau information in addition to onus data

Portfolio Segmentation

Using scorecards and other account behavior metrics, portfolio is segmented into Grow, Keep and Liquidate for non-delinquent portfolio. These segments offer a better risk grading compared to individual scorecards since it has an overlay of non-score parameters. The idea is to take positive credit expansion action on the Grow segment (Prime credit grade), monitor and take calibrated positive actions on the Keep segment (Semi-prime credit grade) and take negative actions on the Liquidate segment (Sub-prime credit grade). The positive and negative actions have been described later in the document.



## SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED

(Figure in Rupees Lakhs, unless otherwise stated)

### Notes forming part of the financial statements



For delinquent portfolio similar score and non-score-based segmentations are created which then are allocated to collections as per defined collections and recovery strategies.

#### Cross-Sell & authorization

Credit expanding activities are taken on the portfolio based on portfolio segments which include loan on card, limit increase, balance transfer and card upgrades. Cross-sell is targeted towards Prime and Semi-Prime segments and aims to grow the good asset and bring in low risk revenues. In addition to permanent increase in exposure, temporary increase in exposure is also taken by means of risk based over limit authorization to allow customer convenience and generate fee-based revenue.

#### Account Management

Detailed policies and processes are created for end to end management of the account by means of a comprehensive services policy. It covers security checks at call center/website, account modification activities (address/contact detail change), customer-initiated requests (balance refund, loan requests), account reinstatement, card renewals, supplementary card, billing cycle change, reversal of charges, bureau reporting, dispute/fraud chargeback among others. The primary objective is to respond to queries in a timely and accurate manner and resolve disputes expediently. Technology is heavily leveraged here wherein bulk of the policies and processes are automated with self-service channels for customers. Processes have been created to simplify the customer journey for fulfilment of customer requests. It is also ensured that all account management policies adhere to regulatory guidelines with respect to KYC norms, customer consent etc.

#### Collections and Recoveries

Strategies have been created for repayment at various stages which starts at DPD where customer has missed the payment due date but is yet to go delinquent. Further segments have been created using the collections scorecards and other variables and the output is passed on to the collections team for on field/agency activities. The frequency, mode and verbiage of communication is decided based on the segmentations.

#### Fraud Control

Checks have been built into the account management policy to prevent unauthorized access or takeover of customer account. In addition to that, a robust strategy has been created around transaction fraud covering:

- Decline/alert Rules based on Volume-velocity-variety
- Daily dispute review to identify fraud pattern and merchant
- Daily new merchant review to block fraudulent merchants before they gain momentum
- Optimization of chargeback policy and processes to reduce manual errors



## SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED

(Figure in Rupees Lakhs, unless otherwise stated)

### Notes forming part of the financial statements

- SOP for the Fraud Risk Management agents who review fraud alerts.

A feedback loop is also created for the sourcing policy to discontinue segments which show considerable and persistent delinquencies. The portfolio review across these metrics is not onus but also with the industry by means of reports or custom analysis from network (Visa/Mastercard/Rupay) or bureau.

#### Key levers and actions

When it comes to taking actions on portfolio based on the portfolio indicators there are multiple levers of change depending on the desired outcome. These primarily are credit limit, cross-sell offers, account blocking, communication.

#### Collection Approach

Customers who fail to pay their dues by the stipulated payment due date, at various stages of delinquency, come under the purview of collections & recovery strategies, as is decided by risk and/or collections team from time to time. SBICPSL employs various measures for collection of dues including tele-calling, field visits, written reminders, SMS, legal recourse etc. as is permitted by the approved strategy. Collection of dues will follow definitive treatment hierarchy (viz. total amount payment, minimum amount payment, bucket outstanding payment followed by financial hardship tools) and will involve laid down procedures, duly approved. Collection team may segregate treatment of accounts based on effectiveness of collections, cost implications & productivity benefit as well as the stage of delinquency. Accounts may also get allocated to external agencies, duly empaneled, depending on the severity, vintage of delinquency or any other related parameters. SBI Card may block the customer's account, in the event payment is not received within stipulated payment due date, as communicated through statements & SMS. The account block, in such cases, may be temporary or permanent depending on delinquency stage, default potential, payment history. Cycle due 8+ (180 days and above) Classified as Recovery Pool / Post charge-off bucket. Alternate Dispute Resolution channels like Arbitration, Conciliation, Bilingual Legal Notice, Privilege Police Complaint and Lok Adalat recourse taken depending upon risk profile. Also, Quasi-legal, legal action under Sec 138 of Negotiable Instruments Act.

Also, the collaterals in the case of secured retail and corporate loans given are Fixed Deposit (FD) or Bank Guarantee (BG) from banks and hence, there is no significant/minimal credit risk associated for secured pool of loans which constitutes generally 1.3 % of the total credit exposure.

Stress testing on portfolio would be carried out periodically and results are regularly reported to RMCB and necessarily follow up action is taken. The review of portfolio analysis & trends, including recovery rates, is carried out at monthly intervals at the Executive Risk Management Committee of the Company.

Managing customer life cycle is a functional priority of the credit risk function. However, the company may still continue to recover amounts legally and contractually owed.





**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

**Prohibited Practices**

Tele callers / Recovery agents are prohibited in conducting the following acts but not limited to:

- Engaging in any conduct or practices that harass, threat, oppress or abuse any person in connection with the collection of a debt.
- Using false, deceptive or misleading representations or practices in collection of any debt.
- Refrain from action that could damage the integrity and reputation of SBI Card.
- Threatening or using violence to harm an individual's body, reputation or property.
- Using obscene gestures and abusive language (either orally or in writing).

**B. Credit risk analysis**

This section analyses Company's credit risk split as follows;

- (a) **Exposure to credit risk** - Analysis of overall exposure to credit risk before and after credit risk mitigation.
- (b) **Credit quality analysis** - Analysis of overall loan portfolio by credit quality.
- (c) **Impairment** - Analysis of non-performing / impaired loans.
- (d) **Credit risk mitigation** - Analysis of collaterals held by client segment and collateral type.

**(a) Exposure to credit risk**

Maximum exposure to credit risk before and after credit risk mitigation (explained in detail in point (D)) is given below;

Particulars	As at March 31st, 2019	As at March 31st, 2018	As at April 1st 2017
	Carrying Amount	Carrying Amount	Carrying Amount
Cash and bank balances	51,569.49	28,821.51	28,296.64
Loans	1,790,872.72	1,404,553.96	998,285.03
Deriatives	10.35	-	-
Investments	146.31	-	0.10
Other receivables	29,403.56	14,884.86	13,247.82
<b>Total</b>	<b>1,872,002.43</b>	<b>1,448,260.33</b>	<b>1,039,829.59</b>

Loans to customer includes loans secured by lien on Fixed deposits and Bank Guarantee held with third party banks. Secured loans account for 1.38% as at March 31, 2019, 1.87% as at March 31, 2018, 2.82% as of March 31, 2017, of total loans

**Notes:**

- Loans to customers which accounts for 96% of total exposure to credit risk is segregated based on risk characteristics of the population to manage credit quality and measure impairment.
- Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.
- Investment are valued at Fair value as on balance sheet date and effect has been routed through Other Comprehensive Income to be in line with Ind AS guideline
- Derivative instruments taken by the company are from the same party (Parent company - Refer Note 16) from whom the company has taken the underlying loan.



*Handwritten signature/initials*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

Hence, default risk from counterparty is also being a financial institution with high credit rating is limited.

- Company follows simplified approach for recognition of impairment loss allowance on trade receivables/other receivables wherein Company uses a provision matrix to determine the impairment loss allowance on the portfolio of trade receivables.

**Credit concentration risk**

Credit concentration risk may arise from a single large exposure to a counterparty Credit concentration risk may arise from a single large exposure to a counterparty or a group of connected counterparties, or from multiple exposures across the portfolio that are closely correlated.

Large exposure concentration risk is managed through concentration limits set by a counterparty or a group of connected counterparties based on control and economic dependence criteria

For concentrations that are material at a Company level, breaches and potential breaches are monitored by the respective governance committees and reported to the Risk Committee and CRO.

The Company follows the prescribed Regulatory Prudential Norms:

- Single Borrower Exposure limit - 15% of net owned funds of SBI Card & Payments Services Ltd.
- Group Borrower Exposure limit - 25% of net owned funds of SBI Card & Payments Services Ltd

In addition, there is also an internal capping on the single borrower exposure at Rs 200 Cr. This is ~12.4% of net owned funds of the Company.

Single Borrower and Group Borrower exposure as on:

	<b>Single Borrower exposure</b>	<b>Group Borrower exposure</b>
March 31, 2019	4.1%	8.6%
March 31, 2018	4.3%	8.0%
April 1, 2017	4.3%	9.4%

The following tables gives credit risk / exposure concentration by client segment

**Concentration by client portfolio segment**

The following table sets out an analysis of risk concentration of loans to customers split by client segment

<b>Portfolio segment</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Corporate - Secured	27,724.01	7,365.26	7,182.09
Corporate - Unsecured	4,918.42	25,977.93	9,835.83
Retail - Secured	29,635.82	27,630.11	22,563.20
Retail - Unsecured	1,790,351.16	1,396,006.63	990,938.54
<b>Total</b>	<b>1,852,629.41</b>	<b>1,456,979.92</b>	<b>1,030,519.66</b>



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**(b) Credit quality analysis**

Credit grading

The Company uses an internal ratings model to determine credit quality of portfolio. A breakdown of performing and non-performing loans by credit quality is given in B(ii) below.

The company classifies credit exposure basis risk characteristics into high/medium/low risk. The Company has established a robust policy of credit risk / credit grading system in place which is monitored rigorously.

The company has in place a credit risk grading model (Internal rating model) which is supplemented by external data such as credit bureau scoring information, financials statements and payment history that reflects its estimates of probabilities of defaults of individual counterparties and it applies blocks(soft/hard) on accounts based on activity pattern of the borrower.

By Portfolio Segment

Credit risk classification/ Staging	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Strong ( Stage 1)	1,669,900.02	1,303,301.38	936,661.09
Satisfactory ( Stage 2)	137,434.43	112,428.86	69,768.35
High Risk ( Stage 3)	45,294.89	41,249.69	24,090.22
<b>Total</b>	<b>1,852,629.35</b>	<b>1,456,979.92</b>	<b>1,030,519.67</b>

Impact of year on year increase is on account of portfolio growth

Approach followed:

Stage 1	includes accounts that have not had a significant increase in credit risk since initial recognition or have low credit risk at the reporting date. 12-month expected credit losses ("ECL") are recognized and interest revenue is calculated on the gross carrying amount of the asset
Stage 2	Includes accounts that have had a significant increase in credit risk since initial recognition but that does not have objective evidence of impairment. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the card.
Stage 3	includes accounts that have objective evidence of impairment at the reporting date. Lifetime ECL is calculated for such accounts.

Credit quality by client segment

An overall breakdown of loan portfolio by client segment is provided below differentiating between performing and non-performing loan book,

The company segregates its credit risk exposure from loans & advances to customers as Stage 1 (Good), Stage 2 (Increased credit risk), Stage 3 (Impaired loans). The staging is done based on criteria specified in Ind AS 109 and other qualitative factors. Refer section below on "Expected credit loss" for basis of staging of loans.



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

ECL percentage	As at March 31, 2019			As at March 31, 2018			As at March 31, 2017		
Segment wise exposure	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Corporate - Secured	0.2%	0.0%	0.0%	0.4%	0.0%	53.9%	1.5%	0.6%	0.0%
Corporate - Unsecured	0.2%	0.2%	62.1%	0.2%	0.3%	62.1%	0.9%	2.6%	62.1%
Retail - Secured	0.3%	0.6%	7.9%	0.5%	0.9%	9.4%	0.5%	1.0%	12.0%
Retail - Unsecured	1.5%	4.1%	66.6%	1.5%	4.5%	67.4%	1.3%	4.8%	67.9%

ECL for Corporate Secured = 0, as post 60DPD BG/FD gets revoked

ECL% ages YOY decreases YoY for Retail Secured., Overall, there is improvement in ECL% ages for Retail Unsecured portfolio, mainly because of improvement in portfolio quality year on year driven by better sourcing, certain bad segments were actioned upon during FY2019 and improved recoveries.

**(c) Impairment**

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with the change in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to likelihood of defaults occurring, of the associated loss ratios, collaterals and coverage ratio etc.

The company measures credit risk using Probability of Default (PD), Exposure of Default (EAD), Loss Given Default (LGD). Ind-AS 109 outlines a three staged model for measurement of impairment based on changes in credit risk since initial recognition.

- A financial instrument that is not credit impaired on initial recognition is classified in 'Stage1'
- If a significant increase in credit risk (SICR) is identified the financial instrument moves to 'Stage 2'
- If the financial instrument is credit-impaired, the financial instrument moves to 'Stage3' category.

The company defines default or significant increase in credit risk (SICR) based on the following quantitative and qualitative criteria.

**Definition of Default**

**Quantitative criteria**

The borrower is more than 90 days past due on its contractual payments.

**Qualitative criteria**

The borrower meets unlikeliness to pay criteria, which indicates that the borrower is in significant difficulty wherein a 'hard block' is applied on accounts and is blocked for further activity on meeting the following criteria;

- Arrangement to Pay
- Settlement
- Cardholder is deceased
- Restructured

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**Definition of Significant increase in credit risk (SICR)**

**Quantitative criteria**

The borrower is 30-90 past due on its contractual payments.

**Qualitative criteria**

When borrowers are classified as "high risk" or when the account is tagged as "over-limit" i.e. when borrowers are expected to/approach their credit limit it is considered as indicator of increased credit risk.

The default definition has been applied consistently to model the PD, LGD and EAD for measurement of ECL.

**Measuring ECL- Explanation of inputs, assumptions and estimation techniques**

ECL is measured on either a 12 month or lifetime basis depending on whether there is an increase in SICR since initial recognition. ECL is the discounted product of PD, LGD and EAD.

**Estimation for retail accounts**

**PD**

Month on month (MOM) default rates were calculated for all vintages. Post calculating Mom default rates, cumulative yearly PDs being calculated till lifetime.

- For Stage 1 accounts 1- year marginal PD were calculated.
- For Stage 2 accounts - Lifetime PDs were calculated
- For Stage 3 accounts a 100% PD was taken

**LGD**

All discounted recoveries net of collection costs is calculated segment wise against exposures to arrive at loss estimates. Discount rate being considered is the average yield rate across segments. LGD is floored at 0% and capped at 100%

**EAD**

Segment wise EAD is calculated using the below formula.

$EAD = \text{Balance Outstanding} + CCF \times (\text{Credit Limit} - \text{Balance Outstanding})$ , where CCF is proportion of unutilized credit limit which is expected to be utilized till the time of default. CCF is applicable only for stage 1 accounts, as stage 2 and stage 3 accounts cannot utilize the unused credit limit.  $CCF \% = \frac{\text{Utilisation (t+12)} - \text{Utilisation (t)}}{\text{Utilisation (t)}}$  i.e. change of utilization rates over next 1 year, its being floored at 0%

Segment wise PD and LGD rates arrived at for all stages is given below

Portfolio Segment	PD			LGD		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Corporate - Secured	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporate - Unsecured	0.3%	0.3%	0.0%	53.9%	53.9%	53.9%
Retail - Secured	3.9%	8.1%	100.0%	7.9%	7.9%	7.9%
Retail - Unsecured	2.2%	6.2%	100.0%	66.6%	66.6%	66.6%

The company revisits the inputs, assumptions used in measurement of ECL whenever there is a significant change, at least every quarter.



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**Below table shows stage wise portfolio gross exposure and loss allowance**

Portfolio Segment	As at March 31, 2019			As at March 31, 2018			As at March 31, 2017		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Corporate - Secured	-	-	-	8,441.71	-	-	77.94	-	-
Corporate - Unsecured	32,417.88	218.29	6.19	24,826.02	64.26	11.19	16,866.96	66.62	6.41
Retail - Secured	28,307.17	1,171.18	157.47	26,268.15	1,196.77	165.19	21,623.33	831.28	110.39
Retail - Unsecured	1,609,174.97	136,044.96	45,131.24	1,243,765.49	111,167.82	41,073.31	898,092.86	68,870.46	23,973.42
Gross Exposure	1,669,900.02	137,434.43	45,294.89	1,303,301.38	112,428.86	41,249.69	936,661.09	69,768.35	24,090.22
Less : Loss Allowance	25,998.52	5,644.83	30,113.28	19,645.86	5,006.07	27,774.01	13,136.79	2,740.87	16,357.00
Carrying Amount	1,643,901.50	131,789.60	15,181.61	1,283,655.51	107,422.78	13,475.68	923,524.30	67,027.48	7,733.23

**Below table shows the breakup of loss provision**

Portfolio Segment	As at March 31, 2019			As at March 31, 2018			As at March 31, 2017		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Corporate - Secured	-	-	-	32.51	-	-	1.15	-	-
Corporate - Unsecured	60.78	0.38	-	46.90	0.18	6.94	143.57	1.33	3.98
Retail - Secured	87.30	7.51	12.40	120.83	10.65	15.58	116.78	8.23	13.19
Retail - Unsecured	25,850.44	5,636.94	30,100.89	19,445.62	4,995.25	27,751.50	12,875.30	2,731.31	16,339.81
Total loss	25,998.52	5,644.83	30,113.28	19,645.86	5,006.07	27,774.01	13,136.79	2,740.87	16,357.00





**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

• **ECL -Reconciliation**

Particulars	Amt in Lacs		
	Stage 1	Stage 2	Stage 3
<b>Loss Allowance as at 1st April 2017</b>	<b>13,136.79</b>	<b>2,740.87</b>	<b>16,356.99</b>
<u>Movements during the year</u>			
Addition / Reduction in Provision	213.41	59.04	(2,586.45)
Movements within stages	(2,240.27)	1,515.01	18,553.76
Write-offs during the period	(172.72)	(560.88)	(11,020.01)
New Cases Addition	8,708.65	1,252.04	6,469.73
<b>Loss Allowance as at 31st March 2018</b>	<b>19,645.86</b>	<b>5,006.07</b>	<b>27,774.02</b>
<u>Movements during the year</u>			
Addition / Reduction in Provision	(465.30)	(97.07)	(4,167.92)
Movements within stages	(4,005.89)	1,686.50	23,959.51
Write-offs during the period	(268.34)	(1,073.28)	(18,975.19)
New Cases Addition	11,092.19	122.61	1,522.86
<b>Loss Allowance as at 31st March 2019</b>	<b>25,998.52</b>	<b>5,644.83</b>	<b>30,113.28</b>

**(d) Credit risk mitigation**

Cover Ratio to change

The below table shows the cover ratio of total NPA to gross earning asset for the portfolio segment

Gross Non-Performing Loans	Corporate Secured	Corporate Unsecured	Retail Secured	Retail Unsecured
<b>As at 1st April 2017</b>	-	<b>6.41</b>	<b>110.39</b>	<b>23,973.42</b>
Additions/Reduction	0.06	3.88	(3,031.08)	(2,479.76)
Impairments/Write off	(0.15)	(4.69)	(71.78)	(16,225.98)
New cases addition	0.09	5.58	3,157.66	35,805.63
<b>As on 31st March 2018</b>	-	<b>11.19</b>	<b>165.19</b>	<b>41,073.31</b>
Cover Ratio	0.0%	0.0%	0.6%	2.9%
Additions/Reduction	(0.06)	(2.21)	(3,199.02)	(7,108.30)
Impairments/Write off	-	(6.66)	(113.29)	(28,130.47)
New cases addition	0.06	3.88	3,304.58	39,296.69
<b>As on 31st March 2019</b>	-	<b>6.19</b>	<b>157.47</b>	<b>45,131.24</b>
Cover Ratio	0.0%	0.0%	0.5%	2.5%



*Handwritten signature and initials in blue ink.*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**37.2.3. Liquidity risk**

Liquidity risk is the risk that the company doesn't have sufficient financial resources to meet its obligations as and when they fall due or will have to do so at an excessive cost. This risk arises from the mismatches in the timing of the cash flows which is inherent in all financing operations and can be affected by a range of company specific and market wide events. Therefore, Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company has put in place an effective Asset Liability Management System, constituted an Asset Liability Management Committee ("ALCO") headed by Managing Director & CEO of the Company.

The Company manages its liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations. ALCO is responsible for managing the company's liquidity risk via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

Company's borrowing program is rated by CRISIL & ICRA. Short term rating is A1+ and long-term rating is AAA/Stable by both the agencies. There has been no change in ratings from last 10 years.

The maturity pattern of items of non-derivative financial assets and Liabilities at undiscounted principal and interest cash flows are as under:



of 11

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

Description	Upto 30/31 days	Over 1 month	Over 2 months	Over 3 months	Over 6 months	Over 1 year to 3	Over 3 year to 5	Over 5 years	Total
<b>Financial Liabilities</b>									
Debt securities	14,957	19,761	177,267	-	-	150,976	44,971	-	407,932
Borrowings other than debt securities	446,075	246,216	15,008	87,500	25,046	243	-	-	820,088
Subordinated liabilities	-	-	-	4,999	-	9,990	79,859	24,832	119,680
Other Financial Liabilities	103,319	6,006	2,790	5,605	9,001	-	14,038	13,950	154,709
<b>Financial Assets</b>									
Cash and cash equivalents	46,716	-	-	-	-	-	-	-	46,716
Banks Balances	-	-	-	-	-	-	-	4,326	4,326
Loans & Advances	579,408	283,247	216,270	309,434	194,309	193,023	-	15,182	1,790,873
Investments	-	-	-	-	-	-	-	146	146
Other Financial Assets	8,923	2,958	2,958	1,524	4,112	7,489	227	2,323	30,514

Maturity Analysis of Derivative financial liabilities :

Description	Upto 30/31 days	Over 1 month	Over 2 months	Over 3 months	Over 6 months	Over 1 year to 3	Over 3 year to 5	Over 5 years	Total
<b>As at March 31, 2019</b>									
Foreign exchange forward contract	5,868	5,086	-	(10)	-	-	-	-	10,943
<b>As at March 31, 2018</b>									
Foreign exchange forward contract	110	-	-	176	-	-	-	-	285
<b>As at April 01, 2017</b>									
Foreign exchange forward contract	-	-	-	-	-	-	-	-	-



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

The table above details the Company's expected maturities for its non-derivative and derivative financial instruments drawn up based on the undiscounted contractual maturities including interest. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Following is the position of company's undrawn limits as on respective year end dates:

<b>Funding Facility</b>	<b>Total Facility</b>	<b>Drawn</b>	<b>Undrawn</b>
<b>March 31, 2019</b>			
Less than 1 year	1,400,000.00	1,032,071.90	367,928.10
Greater than 1 year	396,000.00	316,000.00	80,000.00
	<u>1,796,000.00</u>	<u>1,348,071.90</u>	<u>447,928.10</u>
<b>March 31, 2018</b>			
Less than 1 year	1,100,000.00	964,444.96	135,555.04
Greater than 1 year	200,000.00	161,000.00	39,000.00
	<u>1,300,000.00</u>	<u>1,125,444.96</u>	<u>174,555.04</u>
<b>March 31, 2017</b>			
Less than 1 year	800,000.00	770,702.52	29,297.48
Greater than 1 year	54,000.00	54,000.00	-
	<u>854,000.00</u>	<u>824,702.52</u>	<u>29,297.48</u>

**Other price risks**

The Company is exposed to equity price risks arising from equity investments. The Company's equity investments are held for strategic rather than trading purposes.

**Equity price sensitivity analysis**

If equity prices had been 10% higher/lower: - Other comprehensive income for the year ended March 31, 2019 would increase/decrease by Rs.14.62 Lakhs (for the year ended March 31, 2018 increase/decrease by Rs. NIL) as a result of the changes in fair value of equity investments measured at FVTOCI.

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

Professional fee includes auditors' remuneration as follows:

<b>Particulars</b>	<b>For the year ended 31 March 2019</b>	<b>For the year ended 31 March 2018</b>
Audit fee	23.03	22.00
Quarterly Limited Review fee	4.50	4.50
Tax audit fee	2.50	2.50
Fee for other services	4.10	3.50
Reimbursement of expenses	2.05	2.05
Audit fee for valuation purposes under Income Tax Act, 1961	-	5.00
<b>Total</b>	<b>36.18</b>	<b>39.55</b>



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

39. 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 2019	For the year ended 31 March 2018
a. Provision at the beginning of the year	31,626.36	23,005.76
b. Additions made during the year	44,950.32	33,578.22
c. Interest Cost for the period	1,177.90	783.34
d. Amount redeemed/Paid during the year	(30,026.02)	(21,802.95)
e. Amounts lapsed during the year	(7,590.55)	(7,565.34)
f. Actuarial Gain / (Loss)	2,822.31	3,742.10
g. Movement on account of unpaid vendor liability	923.75	(114.76)
<b>h. Provision at the end of the year (a+b+c+d+e+f+g)</b>	<b>43,884.08</b>	<b>31,626.36</b>

\* Provision for reward points as at 31 March'2019 includes provision as per actuarial valuation of Rs. 41,503.49 lakhs (previous year Rs. 30,169.52 lakhs) and provision for unpaid claims of Rs. 2,380.59 lakhs (previous year Rs. 1,456.84 lakhs)

**Legal Claims:**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
a. Provision at the beginning of the year	25.61	11.86
b. Additions / (Reduction) made during the year	(6.70)	22.20
c. Amount Paid during the year	4.05	8.45
<b>d. Provision at the end of the year (a+b-c)</b>	<b>14.86</b>	<b>25.61</b>

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Expenditure in foreign currency (on accrual basis)</b>		
Network and other service charges	23,817.04	14,818.93
Others	509.54	243.82
Finance Cost	8,253.88	1,787.30
<b>Income in foreign currency (on accrual basis)</b>		
Business development incentive & Interchange income	27,583.83	14,161.74

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**

(Figure in Rupees Lakhs, unless otherwise stated)

Notes forming part of the financial statements

**41. Related party disclosures**

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

**List of related parties**

*ii. Holding Entity*

State Bank of India

*iii. Joint venture*

GE Capital Mauritius Overseas Investments (Till 15 December 2017)

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

CA Rover Holdings (from 15 December 2017)

*v. Fellow subsidiaries and entities*

SBI Business Process Management Services Private Limited (from 15 December 2017)

SBI Capital Markets Ltd.

SBICAP Securities Ltd.

SBICAP Trustee Company Ltd.

SBICAP Ventures Ltd.

SBICAP (Singapore) Ltd.

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)



of 7



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figure in Rupees Lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

Epimoney Private Limited

Mazumah Advisors LLP

EPI Ventures Partners LLP

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)

Carlyle India Advisors Private Limited (from 15 December 2017)

SBI Business Process Management Services Private Limited (from 15 December 2017)

*vi. Entity under common significant influence*

SBI Business Process Management Services Private Limited (till 15 December 2017)

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)

*vii. 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 CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**41.1. Transactions/balances outstanding with related parties for the Year ended/as at 31 March 2019**

Particulars	Holding Entity	Joint Venturer	Fellow Subsidiaries	Key Management Personnel
a. Transactions during the year	2018-19	2018-19	2018-19	2018-19
Advertisement and sales promotion (incentives)	18,808.65	-	-	-
Cost allocations received*	479.78	-	423.39	-
Processing charges paid	-	-	78,981.29	-
Cost allocations made*	-	-	11.68	-
Right issue shares	3,864.44	1,357.78	-	-
Bank charges, fees and Commission Paid	149.37	-	19.00	-
Commission Received	-	-	2.95	-
Personnel Cost (Managerial remuneration- Salaries & Personnel Cost (Managerial remuneration- Post Employment Benefits)	-	-	-	164.74
Gratuity fund contribution	-	-	-	47.98
Interest Income on fixed deposit	1.70	-	-	-
Finance charges	64,527.33	-	58.75	-
Borrowings taken	5,011,405.75	-	-	-
Borrowings repaid	5,021,148.50	-	500.00	-
Income on investments	-	-	5.88	-
Investments purchased	-	-	19,500.00	-
Investments sold	-	-	19,500.00	-
CSR Contribution	-	-	75.00	-
Dividend Declared	6,195.44	2,176.78	-	-
Fixed Deposit made	-	-	-	-
Royalty expenses	1,577.80	-	-	-
Loans and Advances given and other adjustments	218.33	-	781.30	56.73
Loans and Advances Repaid	229.45	-	768.97	56.66
Contribution to Other Fund	-	-	23.65	-



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

Particulars	Holding Company	Joint Venturer	Fellow Subsidiaries	Key Management Personnel
<b>b. Balances Outstanding at Year End</b>				
Trade Payables and Other liabilities	2,377.78	-	6,071.48	-
Dividend Payable	6,195.44	2,176.78	-	-
Borrowings	874,755.24	-	2,600.00	-
Interest Payable	8.58	-	-	-
Cash and Bank Balances**	4,348.20	-	-	-
Loans and Advances***	9.83	-	66.85	0.35
Other non current assets (Fixed deposit)	27.00	-	-	-
Investments	-	-	0.10	-
Other Recoverable	-	-	-	-
Contribution to Other Fund	-	-	2.32	-
Interest Accrued	0.56	-	-	-

**All transactions with the related parties are at Arm's length.**

\* 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 2019.

\*\*\* These amounts represent year-end balances outstanding as at 31 March 2019 on credit cards issued.



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**41.2. Transactions/balances outstanding with related parties for the sYear ended/as at 31 March 2018**

Particulars	Holding Entity	Joint Venturer	Fellow Subsidiaries and entities	Key Management Personnel
a. Transactions during the year	2017-18	2017-18	2017-18	2017-18
Advertisement and sales promotion (incentives)	12,963.51	-	-	-
Cost allocations received*	347.37	2.72	780.41	-
Processing charges paid	-	-	65,755.82	-
Cost allocations made*	-	-	112.15	-
Bank charges, fees and Commission Paid	387.23	-	140.74	-
Commission Received	-	-	0.44	-
Personnel Cost (Managerial remuneration- Salaries & other Allowances)	-	-	-	164.99
Personnel Cost (Managerial remuneration - Other benefits)	-	-	-	8.86
Gratuity fund contribution	-	-	18.38	-
Interest Income on fixed deposit	1.23	-	-	-
Finance charges	44,734.21	-	-	-
Borrowings taken	4,876,435.61	-	-	-
Borrowings repaid	4,717,216.86	-	-	-
Income on investments	-	-	7.37	-
Investments purchased	-	-	19,000.00	-
Investments sold	-	-	19,000.00	-
CSR Contribution	-	-	198.73	-
Dividend Paid	4,710.00	3,140.00	-	-
Fixed Deposit made	25.00	-	-	-
Royalty expenses	726.26	-	-	-
Loans and Advances given and other adjustments	331.79	-	8,674.23	31.92
Loans and Advances Repaid	327.66	-	8,681.57	31.57

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

Particulars	Holding Company	Joint Venturer	Fellow Subsidiaries	Key Management Personnel
<b>b. Balances Outstanding at Year End</b>				
Trade Payables and Other liabilities	1,665.29	-	5,785.54	-
Borrowings	902,741.54	-	-	-
Interest Accrued	1,306.47	-	-	-
Cash and Bank Balances***	18,986.13	-	-	-
Loans and Advances***	20.34	-	52.93	0.49
Other non current assets	27.00	-	-	-
Investments	-	-	0.10	-
Other Recoverable	1,116.94	-	28.74	-

\* 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.



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**41.3. Annexure I to Note 41**

**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 2019</b>	<b>For the year ended 31st March 2018</b>
<b>Investments purchased</b>		
SBI Funds Management Pvt Limited	19,500.00	19,000.00
<b>Investments sold</b>		
SBI Funds Management Pvt Limited	19,500.00	19,000.00
<b>Income from investment</b>		
SBI Funds Management Pvt Limited	5.88	7.37
<b>Commission Received</b>		
SBI Life Insurance Company Limited	2.73	0.44
SBI General Insurance		0.28
<b>Bank charges, fees and Commission Paid</b>		
SBI Capital Markets Ltd.	19.00	140.74
<b>CSR Expense</b>		
SBI Foundation	75.00	198.73
<b>Gratuity fund contribution</b>		
SBI Life Insurance Company Limited	729.79	18.38
<b>Loans &amp; Advances given</b>		
SBI Funds Management Pvt Limited	176.64	
<b>Loans &amp; Advances Repaid</b>		
SBI Funds Management Pvt Limited	169.02	
<b>Contribution to Other Fund</b>		
SBI Funds Management Pvt Limited	23.65	
<b>Total</b>	<b>40,201.70</b>	<b>38,365.95</b>

<b>b. Balances Outstanding at Year End</b>		
<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Loans and Advances</b>		
SBI Funds Management Pvt Limited	12.34	14.62
<b>Investment</b>		
SBI Foundation	0.10	0.10
<b>Other Recoverable</b>		
SBI Life Insurance Company Limited	0.21	0.06
<b>Contribution to Other Fund</b>		
SBI Funds Management Pvt Limited	2.32	0





## SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED

(Figures in Rupees lakhs, unless otherwise stated)

### Notes forming part of the financial statements

#### Significant accounting policies and notes to accounts

42. The Company's exposure in respect of foreign currency denominated assets not hedged as on 31 March 2019 by derivative instruments or otherwise is USD 16.70 million (Rs. 11,549.90 lakhs) [ Previous year USD 6.24 (Rs. 4056.98)]. Similar amount for payable & other liabilities is USD 5.19 million (Rs. 3586.58 lakhs) [Previous year USD 4.08 million (Rs. 2653.47 lakhs)].

43. **Share based payments (amount in absolute)**

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.

Effective 15th 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 as on March 31, 2018. 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 ended 31 March 2018 to the Profit and Loss account, under the head 'liabilities/ provision written back'.

With respect to the stock options existed till 15th 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.

The employees' compensation expense for Stock options and RSU's during the year ended 31 March 2019 amounts to Rs. NIL (Previous year ended March 31, 2018 Rs. NIL)

The company has not granted any stock options in the last three years.



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**Movements in share options during the year**

The following reconciles the share options outstanding at the beginning and end of the year ended March 31, 2019

Particulars	Stock Options (Numbers)	Weighted average exercise price (USD)	Weighted average remaining contractual life (years)	RSU's (numbers)	Weighted average exercise price (Rs.)	Weighted average remaining contractual life (years)
Balance as at April 01, 2017	11,150	21.81	5.22	-	-	-
Granted during the year	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	1,000	20.22	-	-	-	-
Expired during the year	10,150	-	-	-	-	-
Balance as at March 31, 2018	-	-	-	-	-	-
Granted during the year	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-
Balance as at March 31, 2019	-	-	-	-	-	-

- 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.

**44. Leases**

**44.1. Operating lease: Company as lessee**

**Leasing Arrangements**

The Company has entered into operating lease arrangements primarily for office premises under non-cancellable operating lease. The lease term is for one to ten years and is renewable at the mutual agreement of both the parties. Some of the significant terms and conditions for the arrangements are:

- Agreements are generally be terminated by either party by serving one to twelve months' notice or by paying the notice period rent in lieu thereof.
- The lease is generally renewable on the expiry of lease period subject to mutual agreement.
- No subletting of the premises or any part thereof is permissible without the prior consent of lesser.



*Handwritten signature and initials in blue ink.*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

**Significant accounting policies and notes to accounts**

- The Company has no obligation towards the owner in case of damage to the property on account of risk factors like fire, strikes, riots, natural calamities etc.

**Payments recognised as an expense**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Minimum lease payments	904.55	869.68	551.08
Contingent rentals	-	-	-
<b>Total</b>	<b>904.55</b>	<b>869.68</b>	<b>551.08</b>

**Non-cancellable operating lease commitments**

Future minimum rentals payable under non-cancellable operating leases for offices are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Within one year	671.96	597.81	414.25
After one year but not more than five years	1,510.52	1,413.54	565.52
More than 5 Years	106.24	32.98	111.07
<b>Total</b>	<b>2,288.72</b>	<b>2,044.34</b>	<b>1,090.84</b>

**44.2. Obligation under finance lease**

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 Group has options to purchase the equipment for a nominal amount at the end of the lease terms. The Group's obligations under finance leases are secured by the lessors' title to the leased assets. The present value of total minimum lease payment liability as at 31st March 2018 is Rs. 30,837,426. Rate of interest for finance lease obligation (vehicles) is varying between 11.00% to 11.25%.



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>Total minimum lease payment outstanding</b>			
Due within one year	145.70	125.72	100.30
Due later than one year and not later than five years	281.67	274.07	135.74
<b>Total</b>	<b>427.37</b>	<b>399.79</b>	<b>236.03</b>
<b>Less: future finance charges</b>			
Due within one year	44.48	40.28	22.13
Due later than one year and not later than five years	47.43	51.13	17.50
<b>Total</b>	<b>91.91</b>	<b>91.41</b>	<b>39.63</b>
<b>Present value of minimum lease payment</b>			
Due within one year	101.21	85.44	78.17
Due later than one year and not later than five years	234.24	222.94	118.24
<b>Total</b>	<b>335.46</b>	<b>308.37</b>	<b>196.41</b>

Statement showing net carrying value of assets under finance lease

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>Vehicle on lease</b>			
Gross amount	561.79	420.41	-
Accumulated Depreciations :	201.27	76.93	-
<b>Net Book Value</b>	<b>360.52</b>	<b>343.48</b>	<b>195.64*</b>

\* refer note no 14

**45. Employee benefits**

**Defined contribution plans**

The Company makes Provident Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Provident Fund	567.99	458.31	346.54
Employee State Insurance Corporation (ESIC)	0.33	0.10	0.00
Contribution to National Pension Scheme	23.65	-	-
Labour Welfare Fund	0.95	0.79	0.63
<b>Total</b>	<b>592.92</b>	<b>459.20</b>	<b>347.17</b>



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

**Significant accounting policies and notes to accounts**

**Defined benefit plans**

The Company has a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme of gratuity is unfunded.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Discount rate	7.65%	7.65%	7.00%
Future Salary Increase/Salary escalation	10.00%	10.50%	10.50%
Retirement Age (years)	60 Years	60 Years	60 Years
Mortality Tables*	2012-14	2006-08	2006-08
Employee turnover			
From 21 to 30 years	10.00%		
From 31 to 40 years	14.00%		
From 41 to 50 years	15.00%	11%	11%
From 41 to 50 years	0.00%		

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion & Other relevant factors, such as supply & demand in the employment market.

\* Based on India's standard mortality table with modification to reflect expected changes in mortality/ others.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan. The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**Statement of profit and loss**

Net employee benefits expense recognized in the employee cost:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Current service cost	222.18	163.21	100.56
Past service cost	-	-	-
Administration expenses	-	-	-
Interest on net defined benefit liability / (asset)	45.59	18.89	(1.17)
(Gains) / losses on settlement	-	-	-
<b>Components of defined benefit costs recognised i</b>	<b>267.78</b>	<b>182.10</b>	<b>99.39</b>
<b>Remeasurement on the net defined benefit liability:</b>			
Changes in financial assumptions	(56.45)	(73.37)	39.61
Changes in demographic assumptions	(39.41)	73.67	85.89
Experience adjustments	111.43	147.64	99.72
Return on plan assets (excluding amounts include	(9.02)	14.47	(4.73)
Adjustments for restrictions on the defined benefit asset	-	-	-
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>6.55</b>	<b>162.41</b>	<b>220.48</b>
<b>Total</b>	<b>274.33</b>	<b>344.51</b>	<b>319.87</b>

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the consolidated statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows;

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Present value of funded defined benefit obligation	1,459.63	1,239.39	918.59
Fair value of plan assets	(1,269.09)	(593.39)	(598.72)
<b>Net funded obligation status</b>	<b>190.53</b>	<b>646.00</b>	<b>319.87</b>
Restrictions on asset recognised	-	-	-
<b>Net liability arising from defined benefit obliga</b>	<b>190.53</b>	<b>646.00</b>	<b>319.87</b>



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

Movements in the present value of the defined benefit obligation are as follows

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Opening defined benefit obligation	1,239.39	918.59	600.71
Current service cost	222.18	16.32	100.56
Past service cost	-	-	-
Interest cost	90.75	60.80	40.87
Remeasurement (gains)/losses due to:			
Actuarial gains and losses arising from changes	(56.45)	(73.37)	39.61
Actuarial gains and losses arising from changes	(39.41)	73.67	85.89
Actuarial gains and losses arising from experier	111.43	147.64	99.72
Benefits paid	(108.28)	(51.15)	(48.76)
Liabilities assumed/(settled)*			
Liabilities extinguished on settlements	-	-	-
Liabilities assumed in a business combination	-	-	-
Exchange differences on foreign plans	-	-	-
<b>Closing defined benefit obligation</b>	<b>1,459.63</b>	<b>1,092.50</b>	<b>918.59</b>

**Sensitivity Analysis:**

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the change in defined benefit obligation and impact in percentage terms compared with the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b><u>Discount Rate</u></b>			
Impact of increase 50 bps on Defined benefit obligation	-3.71%	-4.20%	-3.62%
Impact of Decrease 50 bps on Defined benefit obligation	3.97%	4.50%	3.85%
<b><u>Salary Escalation rate</u></b>			
Impact of increase 50 bps on Defined benefit obligation	3.87%	4.36%	3.71%
Impact of Decrease 50 bps on Defined benefit obligation	-3.65%	-4.11%	-3.52%

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.



*[Handwritten signature]*



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**Projected plan cash flow:**

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

Maturity Profile	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Expected Benefits for 1 year	170.96	106.13	99.91
Expected Benefits for 2 year	163.53	112.68	99.28
Expected Benefits for 3 year	161.42	114.95	100.92
Expected Benefits for 4 year	156.30	117.00	99.49
Expected Benefits for 5 year	149.38	117.23	96.11
Expected Benefits for 6 year	148.40	115.22	91.23
Expected Benefits for 7 year	128.27	118.02	86.60
Expected Benefits for 8 year	171.09	110.65	82.19
Expected Benefits for 9 year	96.86	128.77	78.00
Expected Benefits for 10 year and Above	1,733.04	1,796.88	904.24
<b>weighted average duration to the payment of these cash flows (in Years)</b>	<b>7.68</b>	<b>8.69</b>	<b>7.46</b>

**Compensated absences**

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

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Discount rate	7.65%	7.65%	7.00%
Future Salary Increase/Salary escalation	10.00%	10.50%	10.50%
Retirement Age (years)	60 Years	60 Years	60 Years
Mortality Tables*	2012-14	2006-08	2006-08
Employee turnover			
From 21 to 30 years	10.00%		
From 31 to 40 years	14.00%		
From 41 to 50 years	15.00%	11%	11%
From 41 to 50 years	0.00%		

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion & Other relevant factors, such as supply & demand in the employment market.

\* Based on India's standard mortality table with modification to reflect expected changes in mortality/ others.



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

**Significant accounting policies and notes to accounts**

Defined Benefit Obligation of compensated absence in respect of the employees of the Company are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Defined benefit obligation	498.42	468.00	347.16
<b>Closing defined benefit obligation</b>	<b>498.42</b>	<b>468.00</b>	<b>347.16</b>

**Long service award**

An actuarial valuation for Long Service Awards to employee has been carried out by an independent actuary based on the following assumption:

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Discount rate	7.65%	7.65%	7.00%
Increase in Cost of Award	0.00%	0.00%	0.00%
Retirement Age (years)	60 Years	60 Years	60 Years
Mortality Tables*	2012-14	2006-08	2006-08
Employee turnover			
From 21 to 30 years	10.00%		
From 31 to 40 years	14.00%		
From 41 to 50 years	15.00%	11%	11%
From 41 to 50 years	0.00%		

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion & Other relevant factors, such as supply & demand in the employment market.

\* Based on India's standard mortality table with modification to reflect expected changes in mortality/ others.

Defined Benefit Obligation of compensated absence in respect of the employees of the Company are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Defined benefit obligation	178.79	154.12	84.42
<b>Closing defined benefit obligation</b>	<b>178.79</b>	<b>154.12</b>	<b>84.42</b>



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**46. Contingent liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Claims against the Group not acknowledged as debt			
(a) Demand notices from Service tax department	2,677.95	2,477.34	2,519.01
(b) Claims against the company in the ordinary course of business	1,198.11	1,022.71	541.87
(b) Guarantees	527.00	27.00	2.00
<b>Total</b>	<b>4,403.06</b>	<b>3,527.05</b>	<b>3,062.88</b>
Pre-deposit against claims	17.62	11.81	12.32

Based on Demand notices received from Tax Authorities, the Company is contingently liable for Rs. 2,677.95 lakhs (previous year 2477.34 lakhs). 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.

Certain show cause notices relating to indirect taxes matters amounting to Rs. 471.70 lakhs (previous year Rs. 45.28 lakhs) 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.

**47. SEGMENT INFORMATION**

The Segment reporting disclosed by the Company in this section is presented in accordance with the disclosure's requirements of Ind AS 108 "Operating Segment".

Definition of the operating segments of the Company is based on the identification of the various activities performed which generate revenues and expenses, while also taking into consideration the organizational structure approved by the Board of Directors for business

management purposes. Based on these segments, management analyses the main operating and financial metrics for the purpose of taking resource allocation decisions and assessing the Company's performance. The Company has not aggregated any operating segments for presentation purposes.

There is only reportable segment ("Credit cards") an envisaged by Ind AS 108 "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 risk and rewards.



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

**Significant accounting policies and notes to accounts**

Accordingly, as the Company operates in a single business and geographical segment, the reporting requirement for primary and secondary disclosures prescribed by Ind as 108 are not required to be given.

**48. 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.

49. 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).

50. During the year ended 31<sup>st</sup> March 2019 the company appropriated Rs 15757.27 lakhs (previous year Rs. 7262.59 lakhs) towards the Statutory Reserve (Reserve Fund) in accordance with Section 45-IC of the Reserve Bank of India Act, 1934.

51. 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.

52. The company has deposited GST on Interchange Income for the period April 2018 to December 2019 considering them as intra-state supplies. However, post receiving bank wise details of such Interchange from network partners, such supplies are held as Inter-state transaction for which IGST is applicable. Consequently, company has filed a refund claim under Section 77 of the CGST Act of Rs. 10841 lakhs. However, the said refund is subject to interpretation of law in view of the above, the company has provided for 100% provision against the refund claim to mitigate the uncertainty risk.

The company has been depositing GST on Interchange received by it in respect of VISA International transactions. However, in February 2019, company has received a declaration from VISA that Settlement of International Interchange is being done in INR as per approval of RBI obtained by VISA in 1995. Basis the said declaration, the company has obtained opinion from legal firm confirming that the same can be treated as receipt of consideration in convertible foreign exchange and consequently as export of service and therefore not chargeable to GST. Company has accordingly decided to stop paying GST on International



## SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED

(Figures in Rupees lakhs, unless otherwise stated)

### Notes forming part of the financial statements

#### Significant accounting policies and notes to accounts

Interchange henceforth and has decided to file a refund application for Rs. 1106 lakhs for the GST paid from July 2017 to February 2019 with GST authorities. The said refund is subject to interpretation of law for which there is no precedence in the form of judgements/ departmental clarifications. In view of the above, the company has provided for 100% provision against the refund claim to mitigate the uncertainty risk.

#### 53. Scheme of Amalgamation

The company has filed a joint petition seeking to merge "SBI Card and Payment Services Private Limited" ("SBICPSL") and "SBI Business Process Management Services Private Limited" ("SBIBPMSL"), the back end entity engaged in the business of inter alia rendering credit card processing and business process management services to the transferee company (SBICPSL) with the Hon'ble National Company Law Tribunal ("NCLT"), New Delhi which is pending adjudication. The aforesaid petition has been preferred on behalf of "SBI Card and Payment Services Private Limited" ("SBICPSL") seeking to merge "SBI Business Process Management Services Private Limited" ("SBIBPMSL") whereby SBICPSL shall be the surviving entity post-merger.

The scheme of amalgamation provides for business combination under pooling of interest method, wherein with effect from appointed date (1st April 2018) and upon this Scheme becoming effective, the Transferor Company, together with all its properties investments, assets, rights, benefits and interests, shall be transferred to and vested in and be deemed to have been transferred to and vested in and managed by the Transferee Company, as a going concern, without any further instrument or deed or act, subject to the provisions of this Scheme and in accordance with Sections 230 to 232 of Companies Act, 2013 and all other applicable provisions of the Act, Section 2(1B) of the Income Tax Act, 1961 and other applicable laws, by virtue of and in the manner provided in this Scheme.

The Transferee Company shall, upon the Scheme becoming operative, record the assets and liabilities of the Transferor Company vested in it pursuant to this Scheme in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the 2013 Act.

The assets and liabilities of the combining entities to be reflected at their carrying amounts. No adjustments are to be made to reflect fair values or recognise any new assets or liabilities. The only adjustments that will be made are to harmonize accounting policies. The financial information in the financial statements in respect of prior period shall be restated as if business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of combination to be in line with the Ind AS 103 guidelines, However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

Accordingly, upon this Scheme becoming effective, the shareholders of the Transferor Company shall be entitled to receive equity shares of the Transferee Company in accordance with the following share exchange ratio:

For every 100 (One Hundred) fully paid-up equity shares of Rs. 10 each held in the Transferor Company, the shareholders of the Transferor Company shall be entitled to receive 403 (Four Hundred) fully paid-up equity shares ("Exchange Shares") of Rs. 10 each of the Transferee Company ("Share Exchange Ratio").



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

**Significant accounting policies and notes to accounts**

The Share Exchange Ratio has been determined by the Boards of the Transferor Company and the Transferee Company based on the Valuation Report and their independent judgment and evaluation. The fully paid-up equity shares of the Transferee Company to be issued, free from all encumbrances, to the shareholders of the Transferee Company shall, upon this Scheme becoming effective, rank pari passu in all respects to the existing fully paid-up equity shares of Transferee Company.

The matter was listed for final hearing on 1st April 2019 and post hearing the Hon'ble Bench of the NCLT was pleased to reserve the order. However, order has not yet been pronounced as on date. Upon pronouncement of the Order by the NLCT and filing of necessary forms with the Registrar of Companies, the order will be effective.

The company recognised following expenses in relation to aforesaid transaction and proposed scheme of merger with SBI BPMSL in the statement of Profit and Loss account

Particulars	Amount
Professional & consultancy fees	28.50

**54. Explanation of transition to Ind AS:**

The transition as at April 01, 2017 to Ind AS was carried out from Indian GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First-time adoption of Indian Accounting Standards, the reconciliation of equity and total comprehensive income is explained below.

Exemptions from retrospective application: The Company has applied the following exemption(s):

- (a) In accordance with Ind-AS transitional provisions, the company opted to consider previous GAAP carrying value of property, plant and equipment as deemed cost on transition date.
- (b) In accordance with Ind-AS transitional provisions, the company opted to determine whether an arrangement existing at the date of transition contains a lease based on facts and circumstances existing at the date of transition rather than at the inception of the arrangement.
- (c) In accordance with Ind-AS transitional provisions, the company opted to apply the provisions of day one gain or loss provisions prospectively on transactions occurring on or after the date of transition to Ind-AS and has not evaluated historical data.

Reconciliation of equity and comprehensive income as previously reported under Indian GAAP to Ind-AS:



*Handwritten signature/initials in blue ink.*



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

**Significant accounting policies and notes to accounts**

Particulars	Note No.	As at March 31, 2018	As at April 01, 2017
<b>Equity as reported under IGAAP</b>			
a. Ind-AS Adjustments that lead to increase in equity:		181,401.93	145,088.97
Recognition of borrowings using effective interest rate	1	34.23	92.39
Amortisation of card acquisition cost	2	37,144.41	16,803.02
Business development incentive income	3	6,680.53	3,917.04
Fair valuation of derivatives	4	173.91	0.00
b. Ind-AS Adjustments that lead to decrease in equity:			
Recognition of loan processing fee using effective interest rate	5	(3,052.38)	(2,347.36)
Impairment of financial assets as per Ind AS 109 (Expected credit loss)	6	(7,577.66)	(18,567.27)
Deferred tax adjustment	7	(11,560.16)	35.36
Restatement of prior period items	8	(197.88)	0.00
<b>Equity as reported under Ind-AS</b>		<b>203,046.93</b>	<b>145,022.15</b>

Particulars		For the year ended March 31, 2018
<b>Profit as reported under IGAAP</b>		
a. Increase (decrease) in net income for:		36,312.96
Recognition of borrowings using effective interest rate	1	(58.16)
Amortisation of card acquisition cost	2	20,341.39
Business development incentive income (anticipated basis)	3	2,763.49
Fair valuation of derivatives	4	173.91
Recognition of loan processing fee using effective interest rate	5	(705.02)
Impairment of financial assets as per Ind AS 109 (Expected credit loss)	6	10,989.61
Deferred tax adjustment of GAAP adjustments	7	(11,595.52)
Restatement of prior period items	8	(197.88)
Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS (net of tax)	9	106.20
<b>Total effect of transition to Ind AS</b>		<b>21,818.02</b>
<b>Profit for the year as per Ind AS</b>		<b>58,130.98</b>
Other comprehensive income (loss) for the period		(106.20)
<b>Total comprehensive income as reported under Ind AS</b>		<b>58,024.78</b>

**Notes:**

- Under Ind-AS borrowings are measured at effective interest rate as a result of which any upfront fees paid on borrowings is recognized over the usage pattern of the loan. Under older Indian GAAP such upfront fees are charged off when they were payable and interest cost is recognized based on the contractual interest rate.
- Under Ind AS, the incremental costs of obtaining a contract with a customer are recognized as an asset if the entity expects to recover those costs from future revenue. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Under older Indian GAAP all incremental costs are charged off to statement of profit and loss when incurred.
- Under Ind AS for contracts with variable considerations, revenue is recognized based on the anticipated revenue in future. Under older Indian GAAP, such income was recognized after fulfilling the conditions associated with such arrangements.



*of 7*



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

**Significant accounting policies and notes to accounts**

4. As per Ind-AS 109, all derivatives are recognized at fair value. Under older Indian GAAP, the company amortized the premium paid on forward contract as an expense over the life of the contract.
5. Under Ind AS, the initial fee received have been deferred and amortized over the life of the loan using the effective interest rate and to be recorded along with the interest income from loan. Under older Indian GAAP, Company follows the processing fee was recognized as an income at inception of the contract.
6. Under Ind AS the Company recognizes loss allowances on loans (and other financial assets) at an amount equal to the 12-month expected credit loss and a life time expected credit loss for cases where there is a significant increase in credit risk of the borrower. Under older Indian GAAP, Company follows Income Recognition, Asset Classification and Provisioning (IRACP) norms for impairment of loans and advances given to customers.
7. Consequential deferred tax on all the above adjustments are taken into consideration.
8. During the financial year 2017-18, Royalty expenses was understated by Rs. 302.61 lakhs. As this error was made in the financial year ended March 31, 2018, the balances as at March 31, 2018 were adjusted as follows:

Particulars	Impact	Amount
Provision for expenses	Increase	302.61
Provision for taxes	Decrease	104.73
Retained earnings	Decrease	197.88

9. As per Ind-AS 19, actuarial gain and losses are recognized in other comprehensive income (net of tax) and not reclassified to profit and loss in a subsequent period.



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**55. SEBI Disclosure requirement (circular No HO/DDHS/CIR/P/2018/144 dt Nov'18)**

Information as per annexure- I applicable to identified large corporate is as follows:

Sr.No	Particulars	Details
1	Name of the company	SBI Cards and Payment Services Pvt. Ltd
2	CIN	U65999DL1998PTC093849
3	Outstanding borrowing of company as on 31st March 2019 (in Rs cr)	Rs 13,476.99 Crores
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	AAA/Stable by CRISIL & ICRA
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE Limited

The initial information has been filed with listing department of BSE limited.



*Handwritten signature/initials*

(Figures in Rupees lakhs, unless otherwise stated)

## Notes forming part of the financial statements

### Significant accounting policies and notes to accounts

56.

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	
Liabilities side:	March 31, 2019		March 31, 2018	
Loans and advances availed by the NBFC's inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(a) Debentures : Secured : Unsecured	315,627.09		160,785.86	
(Other than falling within the meaning of public deposits)				
(b) Deferred Credits				
(c) Term Loans				
(d) Inter-corporate loans and borrowing				
(e) Commercial Paper	211,984.32		233,910.48	
(f) Other Loans				
- External commercial borrowings				
- Cash/Credit Loans*	819,752.12		730,226.11	
- Finance lease obligation	335.46		308.37	

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

	Assets side:	Amount outstanding	Amount outstanding
		As at March 31, 2019	As at March 31, 2018
2	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:</b> (a) Secured*	24,781.11	26,293.29
	(b) Unsecured*	1,827,848.24	1,430,686.63
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:	Nil	Nil
	(a) Assets on hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
	iii) Other loans counting towards AFC activities	Nil	Nil
	(a) Loans where assets have been repossessed	Nil	Nil
	(b) Loans other than (a) above	Nil	Nil



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

**Significant accounting policies and notes to accounts**

Assets side:	Amount outstanding	Amount outstanding
	As at March 31, 2019	As at March 31, 2018
<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	146.31	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.

5 Borrower group-wise classification of assets financed as in (2) and (3) above:						
Category	Amount net of provisions					
	As at March 31, 2019			As at March 31, 2018		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	76.68	76.68	-	34.96	34.96
(c) Other related parties	-	0.35	0.35	-	38.50	38.50
2. Other than related parties	24,673.90	1,766,121.79	1,790,795.69	26,113.72	1,378,366.49	1,404,480.21
Total	24,673.90	1,766,198.82	1,790,872.72	26,113.72	1,378,440.24	1,404,553.96



*Handwritten signature/initials*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

**Notes forming part of the financial statements**

**Significant accounting policies and notes to accounts**

6	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>				
		<b>As at March 31, 2019</b>		<b>As at March 31, 2018</b>	
	<b>Category</b>	<b>Market Value / Break up or fair value or NAV</b>	<b>Book Value (Net of Provisions)</b>	<b>Market Value / Break up or fair value or NAV</b>	<b>Book Value (Net of Provisions)</b>
	1. Related Parties				
	(a) Subsidiaries	Nil	Nil	Nil	Nil
	(b) Companies in the same group	0.10	0.10	0.10	0.10
	(c) Other related parties	Nil	Nil	Nil	Nil
	2. Other than related parties	146.21	146.21	Nil	Nil
	<b>Total</b>	<b>146.31</b>	<b>146.31</b>	<b>0.10</b>	<b>0.10</b>

7	<b>Other Information</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
	Gross Non-Performing Assets		
(i)	(a) Related parties		
	(b) Other than related parties	45,294.89	41,249.69
	Net Non-Performing Assets		
(ii)	(a) Related parties		
	(b) Other than related parties	-	-
(iii)	Assets acquired in satisfaction of debt		



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**57. Disclosure of Restructured Accounts**

S. No.	Type of Restructuring		Under CDR					Under SME Debt					Others				
			A	B	C	D	Total	A	B	C	D	Total	A	B	C	D	Total
	#	#	#	#		#	#	#	#		#	#	#	#			
1	Restructured accounts as on 1 April 18	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	1,408	-	-	1,408
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	735.47	-	-	735
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	495.83	-	-	496
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	820	-	-	820
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	842.78	-	-	843
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	561.45	-	-	561
3	Upgradations to restructured standard category	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	306	-	-	306
		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	-	-	-	-	-	-	-	-	-	-	-	695	-	-	695
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	264.30	-	-	264
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	176.07	-	-	176
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	42	-	-	42
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	32.59	-	-	33
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	21.71	-	-	22
7	Adjustments as on 31st Mar'19 for payment/provision <sup>¶</sup>	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount received	-	-	-	-	-	-	-	-	-	-	-	745.40	-	-	745
		Provision adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Restructured Accounts as on 31st March 2019 (S No 1+2-3+4-5-6-7)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	1,185	-	-	1,185
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	535.96	-	-	536
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	357.05	-	-	357
¶ The Original format does not contain these particulars details																	
# A: Standard assets B: Sub-standard assets C: Doubtful assets D: Loss assets																	
Note : Restructured assets are now classified as stage 3 assets and accordingly provision on the same is created as per ECL method prescribed under IND AS 109																	



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**58. Additional Disclosures**

**58.1. Capital**

Particulars	As at March 31, 2019	As at March 31, 2018
i) CRAR (%)	18.63%	16.98%
ii) CRAR - Tier I Capital (%)	13.30%	10.97%
iii) CRAR - Tier II Capital (%)	5.34%	6.01%
iv) Amount of subordinated debt raised as Tier-II capital*	120,000	100,000
v) Amount raised by issue of Perpetual Debt Instruments	-	-

\*Qualifying amount as Tier II Capital as at 31<sup>st</sup> March 2019 is Rs 91,000 lakhs (Previous Year Rs. 80,706.23 lakhs). Fresh subordinated debt raised as Tier II during Financial Year 2018-19 is Rs. 25,000 lakhs (Previous year Rs 50,000 lakhs).

**58.2. Investments**

Particulars	As at March 31, 2019	As at March 31, 2018
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India		
(b) Outside India	146	0.10
(ii) Provisions for Depreciation		
(a) In India		
(b) Outside India		
(iii) Net Value of Investments		
(a) In India		
(b) Outside India	146	0.10
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 CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**58.3. Derivatives**

**Forward Rate Agreement / Interest Rate Swap**

S. No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(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

**58.4. Exchange Traded Interest Rate (IR) Derivatives**

S. No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(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



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**58.5. Disclosures on Risk Exposure in Derivatives**

**Qualitative Disclosure**

S. No.	Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	Hedged Assets	864.63 (USD 12.5)	Nil	Nil	Nil
	Hedged Liabilities- Loan	140,000 (USD 1903.8)	Nil	97,500 (USD 1494.4)	Nil
	Hedged Liabilities- Interests	330.78 (USD 4.78)	Nil	1,169.71 (USD 18.0)	Nil
(ii)	Marked to Market Positions				
	a) Asset (+)	10.35	Nil	Nil	Nil
	b) Liability (-)	(10,953.47)	Nil	(285.37)	Nil
(iii)	Credit Exposure	Nil	Nil	Nil	Nil
(iv)	Unhedged Exposures	15,136.48	Nil	Nil	Nil
	Refer note no 37				



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**58.6. Disclosures relating to Securitisation**

S. No.	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
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		
	First loss	Nil	Nil
	Others	Nil	Nil
	ii) Exposure to third party securitisations		
	First loss	Nil	Nil
	Others	Nil	Nil

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

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

S. No.	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(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

**58.8. Details of Assignment transactions undertaken by NBFCs**

S. No.	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(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

**58.9. Details of non-performing financial assets purchased / sold**

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
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



*Handwritten signature/initials in blue ink.*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

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 March 31,2019	For the year ended March 31,2018
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.



g r

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**58.10. Asset Liability Management**

**Maturity pattern of certain items of assets and liabilities as at March 31, 2019**

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	579,408	283,247	216,270	309,434	194,309	193,023	-	15,182	1,790,874
Investments	-	-	-	-	-	-	-	146	146
Borrowings *	461,031	265,977	192,275	92,499	25,046	161,210	124,830	24,832	1,347,699
Foreign Currency assets	-	-	-	-	12,415	-	-	-	12,415
Foreign Currency liabilities	-	3,587	-	-	-	-	-	-	3,588

**Maturity pattern of certain items of assets and liabilities as at March 31, 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	452,033	244,595	157,140	262,761	168,537	135,799	-	-	1,420,866
Investments	-	-	-	-	-	-	-	0	0
Borrowings *	422,883	74,389	128,095	153,848	190,042	55,223	31,000	70,000	1,125,480
Foreign Currency assets	-	-	-	-	4,057	-	-	-	4,057
Foreign Currency liabilities	933	1,812	-	-	-	-	-	-	2,746

\*Borrowings includes Foreign currency loan.



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

**58.11. Exposure to Real Estate**

Category	As at March 31, 2019	As at March 31, 2018
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 Investments in Mortgage Backed Securities (MBS) and other	Nil	Nil
(iii) <b>securitized exposures :-</b>		
a. Residential	Nil	Nil
b. Commercial real Estate	Nil	Nil

**58.12. Exposure to Capital Market**

Particulars	As at March 31, 2019	As at March 31, 2018
(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



*[Handwritten signature]*



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

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

**58.13. Details of financing of parent company products**

The company has not financed any of the products of its parent company during the financial year 2018-2019.

**58.14. 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 2019

**58.15. Miscellaneous**

**58.15.1. 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

**58.15.2. Disclosure of Penalties imposed by RBI and other regulators**

No penalties have been imposed by any regulators during financial year 2018-2019.

**58.15.3. Related Party Transactions**

For related party transaction refer note no.41.

**58.15.4. Ratings assigned by credit rating agencies and migration of ratings during the year**

The short-term debt rating of the company is A1+ by CRISIL and ICRA. Long-term debt rating is AAA / Stable by CRISIL and ICRA. There is no change in the rating during financial year 2018-2019.

**58.15.5. Revenue Recognition**

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



**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

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

**59. Additional Disclosures**

**59.1. Provisions and Contingencies**

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	As at March 31, 2019	As at March 31, 2018
Provision towards stage 3 assets	30,113.28	27,774.02
Provision made towards Income Tax	8,070.52	26,230.37
Provision for Long Service Awards	178.79	154.12
Provision for reward points redemption	43,884.08	31,626.36
Provision for Gratuity	190.53	646.00
Provision for Compensated absences	498.42	468.00
Provision for Bonus & Incentive Payable	2,058.10	1,287.72
Provision for Other Expenses*	7,999.29	7,103.77
Provision for Other taxes	11,946.91	-
Provision for stage 1 and stage 2 assets	31,643.35	24,651.94

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

**59.2. Draw Down from reserves**

There is no draw down from the reserves during the financial year ended 31<sup>st</sup> March 2019.

**59.3. Concentration of Deposits, Advances, Exposures and NPAs**

**Concentration of Advances**

Particulars	As at March 31, 2019	As at March 31, 2018
Total Advances to twenty largest borrowers*	26,051.78	25,695.06
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.41%	1.76%

\*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.

**59.4. Concentration of Exposures**

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to twenty largest borrowers/customers*	33,599	42,230
Percentage of Exposures to twenty largest borrowers/customers to Total Exposures of the NBFC on borrowers/customers	0.36%	0.60%

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



*Handwritten signature/initials in blue ink.*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

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

**59.5. Concentration of NPAs**

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to top four NPA accounts	56.26	50.34

**59.6. Sector wise NPAs**

Sl No.	Sector	% of NPAs to Total Advances in that sector	As at March 31, 2019	As at March 31, 2018
1	Agriculture & allied activities			
2	MSME			
3	Corporate borrowers - Credit Cards*	0.04%	13.01	7.33
4	Services			
5	Unsecured personal loans			
6	Auto loans			
7	Other personal loans - Credit Cards	2.44%	45,282	41,242

\*In case of Corporate Cards, the NPA includes all the credit cards exposure to that corporate in total. % of NPA is for FY 2018-19.

**59.7. Movement of NPAs**

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Net NPAs to Net Advances (%)	0.85%	0.96%
Movement of NPAs (Gross)		
(a) Opening balance	41,249.69	24,090.22
(b) Additions during the year	32,295.62	33,462.07
(c) Reductions during the year	(28,250.42)	(16,302.60)
(d) Closing balance	45,294.89	41,249.69
(ii) Movement of NPAs (Net)		
(a) Opening balance	13,475.67	7,733.24
(b) Additions during the year	10,981.16	11,025.06
(c) Reductions during the year	(9,275.22)	(5,282.63)
(d) Closing balance	15,181.61	13,475.67
(iii) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	27,774.02	16,356.99
(b) Provisions made during the year	21,314.45	22,437.01
(c) Write-off / write-back of excess	(18,975.19)	(11,019.97)
(d) Closing balance	30,113.28	27,774.02



*[Handwritten signature]*

**SBI CARD AND PAYMENT SERVICES PRIVATE LIMITED**  
(Figures in Rupees lakhs, unless otherwise stated)

Notes forming part of the financial statements

Significant accounting policies and notes to accounts

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

There is no overseas asset as at 31 March 2019.

**59.9. Off-balance Sheet SPVs sponsored**

There is no off-balance sheet SPVs sponsored by the company during the year ended 31 March 2019.

**59.10. Disclosures of Customers Complaints**

S.no	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	No. of complaints pending at the beginning of the year	407	282
(b)	No. of complaints received during the year	12,407	16,896
(c)	No. of complaints redressed during the year	12,521	16,771
(d)	No. of complaints pending at the end of the year	293	407

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

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

R. Balasubramanian  
Partner  
Membership No.: 080432



*[Signature]*  
Managing Director & CEO

DIN: 08024303

*[Signature]*  
Director

DIN: 05102910

*[Signature]*  
Chief Financial Officer

*[Signature]*  
Company Secretary

Date: 25 April 2019  
Place: Mumbai

Date: Mumbai  
Place: 25/04/19



*[Handwritten signature]*