

THE CURRENCY OF DIGITAL INDIA.

ANNUAL REPORT 2019-20



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Also read this report online, or download at www.sbicard.com

Performance highlights FY20 vs FY19

₹1,245 crores

Profit after Tax

↑ 44%
over FY19

5.5%

Return on Average Assets

↑ 64
bps over FY19

27.4%

Return on Average Equity

↓ 97
bps over FY19

22.4%

Capital Adequacy Ratio

↑ 228
bps over FY19

1.05 crores

Cards in Force

↑ 28%
over FY19

₹1,30,915 crores

Spends

↑ 27%
over FY19

37

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₹24,141 crores
Receivables

↑ 30%
over FY19

2.01%
GNPA

↓ 43
bps over FY19

New India

Young, aspirational, and digitally empowered – that is India in the 21st century. The nation has one of the world's largest and fastest growing affluent millennial populations driving its consumption story. This India is rapidly digitalising, across consumer segments and geographies, with rising internet and smartphone penetration. Simultaneously, pioneering technologies are redefining experiences, further opening minds to the power of innovation.

In this new India, the digital transactions landscape is expanding and transforming at an exponential rate. The country has adapted marvellously to cashless commerce, propelled towards the future by demonetisation; social distancing and remote work necessitated by the novel coronavirus pandemic; and the sheer range of digital payment instruments available for any and every need, from small household purchases to big spends on investments.

Progress in technology and the awareness of it have led to greater trust in the security of digital transactions. In a country where cash was once king, credit cards are steadily becoming a preferred payment solution. Offering instant access to interest-free credit and complete payment convenience, they are an ally in uncertain times that demand unforeseen expenses. Made more attractive by rewards and lifestyle benefits, a credit card is a powerful tool to adjust short-term liquidity mismatches.

SBI Card, with its extensive countrywide network and one of the largest and most diverse portfolios of credit cards, has been playing a pivotal role in this digital payment landscape. Our partnership with leading travel, fuel, fashion, retail, healthcare, and mobility companies enables us to provide largest portfolio of co-branded cards with unmatched benefits. Our sustained focus on innovation across products and services, backed by investments in advanced technologies, helps us create superior and customised experiences for India.

We, at SBI Card, are well-positioned to capitalise on the increased move towards cashless and contactless digital payments. Our credit cards are **The currency of digital India.**

SBI Card at a Glance



21+
Years in
operations



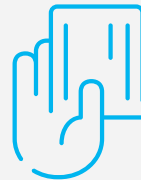
3,967
Employees



148
sourcing
locations across
country



18.3%
Cards in force
market share



17.9%
Spends market share



Established in 1998, SBI Card is India's second largest (largest pure-play) credit card issuer, with more than 1.05 crore cardholders. We operate with the aim of providing Indian consumers access to a wide range of world-class, value-added payment products and services catering to their transactional needs and short-term credit requirement. We are a subsidiary of the State Bank of India, India's largest commercial banks in terms of deposits, advances, and the number of branches. Our exclusive commitment to core credit card operations has helped us to strengthen market expertise and ensure excellence in customer relationships.

SBI Card brand promise

'Make Life Simple' for our customers, employees, and other business stakeholders with innovative products and services as well as responsible corporate practices adhering to the highest standards.

Credit rating

Long term – AAA/stable by CRISIL and ICRA.

Short term – A1+ by CRISIL and ICRA.

Our USP in the payments landscape

Optimum mix in product basket

Premium, travel and shopping, classic cards, exclusive co-branded and corporate cards

Wide range of payment modes

16 payment modes offered

Multiple payment network processors

Partnership with MasterCard, Visa, and RuPay networks



Omnichannel services

Multi channel customer servicing including SBI Card Mobile App, Website, SMS, chatbot ASKILA, IVR (interactive voice response) system and social media

Extensive presence

Large scale of operations across all Tier I, II and III cities and rural areas, providing economies of scale and geographical diversification

Pioneering technologies

Data Analytics, Artificial Intelligence (AI), Machine Learning (ML), Robotic Process Automation (RPA)

Winning Awards Across Every Facets of Business

The Economic Times Best BFSI Brand

in India in the credit cards category in 2019

11-time winner

of Reader's Digest 'Most Trusted Brand' in India Award in the credit card category

Best Loyalty Programme in Financial Sector: Non-Banking – 2019

under Customer Loyalty Awards

Most Effective Arrangements: Financial Crime & Sanctions Compliance Award

at the Global Compliance Register Platinum Awards 2019, London

Stevie (Silver) Award

for the Customer Service Department of the Year in 2019 at the International Business Awards, Vienna

SKOCH Award (Gold)

for SBI Card Loyalty and Rewards Programme

SKOCH Award (Gold and Order of Merit)

for Project Shikhar in Payment Category at New Delhi

Best Data Quality Award (NBFC Segment)

at the CIBIL Annual TransUnion Conference 2019, Mumbai

VISA Global Service Quality Award

for 'Emerging Payment Adoption – Visa Direct' at Gurugram

Best In-house Legal Team Award

in the BFSI Sector by Indian Corporate Counsel Association at New Delhi

Awarded in the category of 'Analytics/Big Data'

at DELL Technologies BFSI Technology Conclave 2020

Golden Bridge Awards 2019

Silver Winner: Customer Service Outstanding Performance of the Year

Gold Winner: Customer Service Department of the Year

Gold Winner: Customer Service Team of the Year

Economic Times Most Promising Business Leaders of Asia, 2019-20 Award

to Mr. Hardayal Prasad, MD & CEO, at the Economic Times Asian Business Leader Conclave, Singapore

ACAMS AML Professional of the Month Award

for January 2019 by ACAMS, US (Association of Certified Anti-Money Laundering Specialists)

Compliance Professional of the Year Award

at GRCI Awards 2019, Australia

Best Data Quality-Consumer Bureau amongst NBFCs 2019

by Data Quality Awards 2019

Stevie (Gold) Award

to Mr. Monish Vohra, EVP & Head Customer Services

Champion Security Award

South East Asia for Excellence in Fraud Risk Management, 2019, at VISA Security Summit

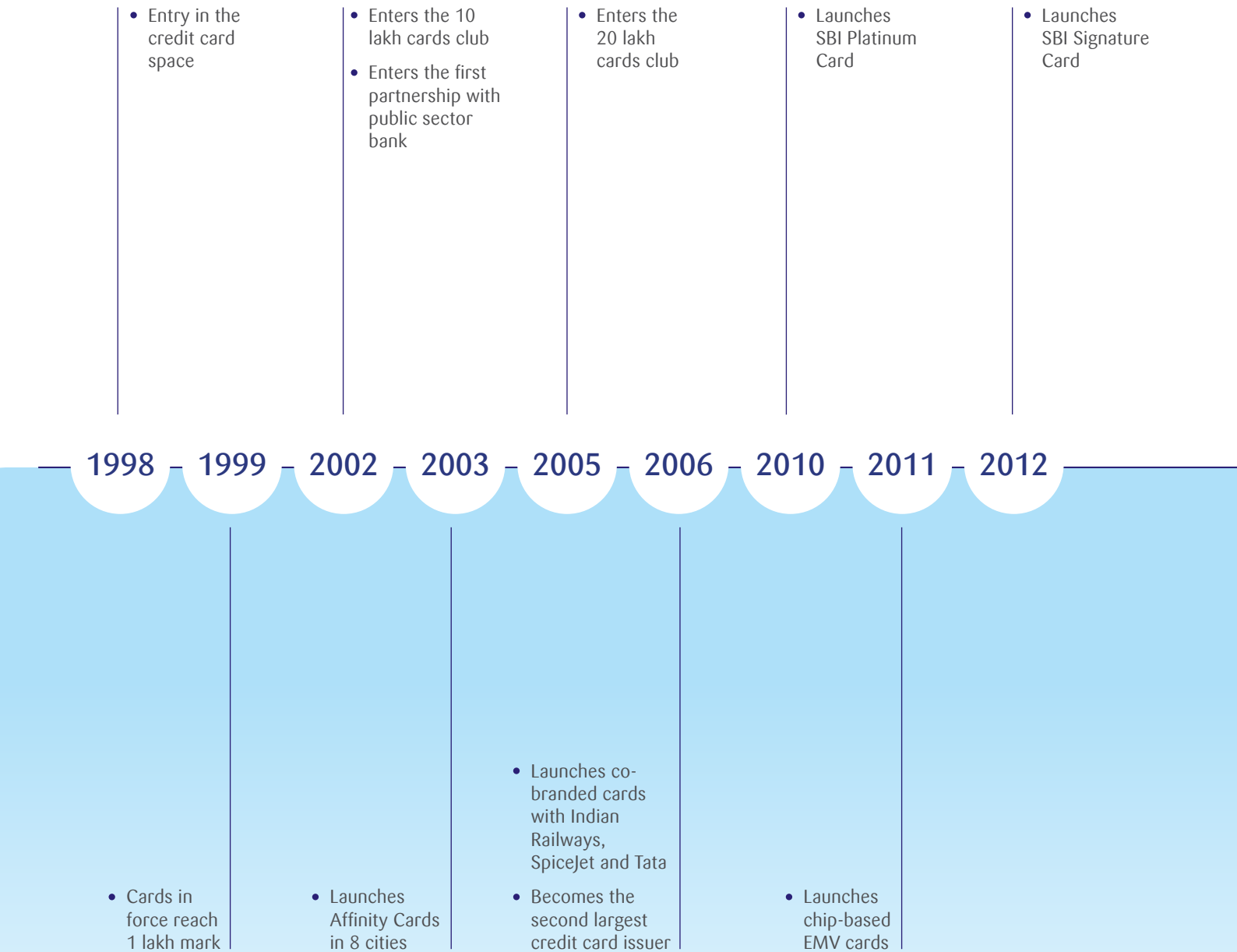
Compliance Evangelist Award

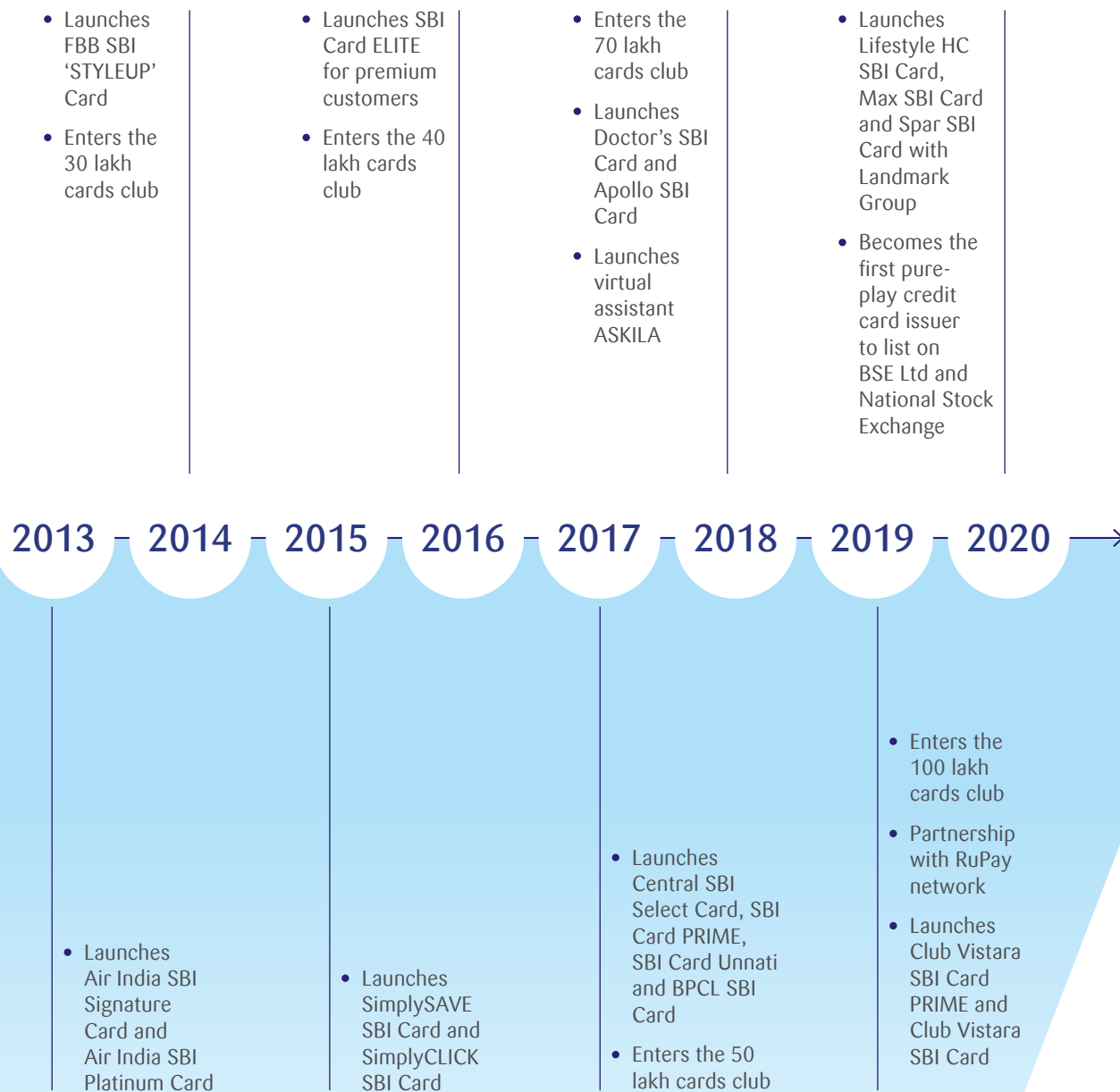
at Annual Compliance 10/10 Awards in October 2019

Brand with top recall

In a market survey commissioned by us and conducted by Kantar IMRB in 2020, SBI Card attained 100% total awareness and 37% top-of-the-mind recall. This was the highest among all credit card brands surveyed.

Our Journey of Trust and Excellence





Message from Mr. Rajnish Kumar, Chairman, SBI Card



Dear Shareholders,

SBI Card was founded in 1998, with a quest to 'Make Life Simple' for customers and become the Currency of Digital India. I am delighted that we have come a long way since then with sustained growth and established ourselves as one of the leading and most trusted credit card issuers in India, serving over 1.05 crore cardholders.

SBI Card brand is driven by the values of innovation, trust and transparency, excellence in customer service, and a commitment to stay ahead of the curve, by harnessing best-in-class technology and tools available to the industry. Our continued growth and strong brand recall demonstrate the consistency with which we have delivered on this promise.

FY20 has been a landmark year as we became the first pure-play credit card issuer to get listed on the bourses in India. I would like to thank our investors for placing their trust in us and making the issue a stellar success.

I am delighted to say that your Company has delivered a strong business performance in FY20. PAT (Profit after Tax) has grown from ₹ 865 crores in FY19 to ₹ 1,245 crores in FY20 at a healthy growth of 44% YoY. We continue to grow faster than the industry and our market share on both parameters – spends and cards in force has risen.

Amidst global headwinds, the Indian economy witnessed a moderation in growth at 4.2% in FY20. The COVID-19 pandemic and nationwide lockdown in Q4 FY20 has dampened hopes of recovery in FY21.

Despite the economic slowdown and the unprecedented situation posed by COVID-19, fundamentally the outlook for the digital payments industry and long-term growth story of credit cards in India remains strong due to its favourable demographic changes and low credit card penetration rate. India, which traditionally has been a high savings economy, is moving toward increased consumption levels, with household savings as a percentage of GDP falling significantly from 24.0% in FY12 to 17.0% in FY18. Greater modernisation has also enabled an e-commerce boom, supported by an increase in the disposable income of the Indian demographic over recent years. In addition, new-to-credit customers are expected to rise because of the low credit penetration in Tier II and III cities.

These metrics suggest that there is a significant growth potential. In the long term, India's strong macroeconomic performance, together with its large working population, aspirational youth population, rising affluence, rapid urbanisation, and an increasing shift from cash transactions to card and digital payments will continue to propel the growth of India's largely underpenetrated credit card industry.

There has been an increased acceptance of digital payments post COVID-19 pandemic due to social distancing norms and safety concerns in handling cash. We are witnessing a strong cash to digital movement. We expect surge in digital payment preferences to continue and generate opportunities for growth in issuance of cards. We also expect that over time the form factor of cards will transform to contactless mode. Having equipped its entire portfolio with contactless functionality and through innovative features such as SBI Card Pay which allows payments with one tap of the mobile phone, SBI Card is well placed to bring consumers the contactless payment functionalities.

Unlike other digital payment instruments, in addition to convenience and rewards, credit cards also offer interest-free credit of up to 50 days to cardholders and are accepted globally. Credit cards are also used for higher value transactions unlike other digital payment modes. These differentiators will continue to drive sustained growth of credit cards in India.

India's growing aspirational millennial population also presents a strong opportunity for growth. SBI Card's recently redefined identity reflects the brand's contemporary and youth-focussed outlook and its endeavour to build a stronger relationship with India's younger demographic.

We are living in an era of continuous and rapid disruption, driven by data analytics and digital technologies; and this trend affects all industries and businesses, including our own. Digitisation is the new normal and SBI Card is equipped to deliver having made consistent and strategic investments to create state-of-the-art technology infrastructure, both at the back-end and front-end, to improve user experience as well as efficiency of operations.

We strive to become the market leader in India's highly underpenetrated credit card space. We believe that we are uniquely positioned to capitalise on India's growth opportunities by leveraging our strengths, such as, extensive and diversified product portfolio, multitude of strong co-brand partnerships, superior risk management and data analytics capabilities, and our multichannel customer acquisition capabilities, ranging from open market to banking channels. Our strong balance sheet and healthy liquidity further provides headroom for growth.

With our robust business fundamentals, we are very well placed to ride out the COVID-19 storm. We intend to continue to innovate, adapt, and disrupt to remain ahead of the curve. We will continue to invest ahead in technology to drive digital transformation and a seamless experience at each customer touchpoint. I must also say that as the promoter and majority shareholder, SBI remains deeply committed to the success of SBI Card.

Before concluding, I must thank all our stakeholders for their continued faith. Our customers for their valuable support and trust. Our teams for their untiring efforts to build a future-ready, dynamic and trustworthy organisation which will help us achieve the next level of business growth and value creation.

Warm regards,
Rajnish Kumar

Message from Mr. Dinesh Kumar Khara, Director, SBI Card



Dear Shareholders,

It gives me great pleasure to share with you that SBI Card has delivered yet another year of profitable growth. FY20 is a landmark year for SBI Card, as we got listed on stock exchanges in India and I am delighted to welcome all our new shareholders. The outstanding response we received from investors to our IPO humbles us and strengthens our commitment to sustain the hard work which has led to the creation of this strong institution. It is also an endorsement of our consumer-focused approach to business as well as our ethos of trust, transparency, and innovation in everything we do; and the faith placed in us encourages us to continue striving for excellence.

Currently, the world is facing one of the greatest health threats ever. Amidst COVID-19 pandemic, the Indian economy is facing several challenges. However, I am confident that the country will emerge stronger from this situation. I have immense faith in SBI Card's strength and resilience. By adapting with agility to the situation, we are rising to the challenge and will continue to thrive for the good of all our stakeholders.

SBI Card has always strived for superior customer experience in terms of servicing and product features. We are committed to continue on our path to expand customer base and bring the power of credit card to a vast cross section of potential customers in the country ranging from mass affluent to premium segments.

This year also marks 21 years of SBI Card's momentous journey. Looking back on the last two decades, we have weathered numerous challenges and achieved many industry-firsts in the process. I take this opportunity to thank everyone who has been part of this wonderful journey.

We have sustained our performance, growing faster than the industry across several parameters consistently over the last few years. This is a result of SBI Card's multi-faceted approach to creating a robust and sustainable business model. We offer innovative solutions and best-in-class products suited to the evolving and diverse consumer needs and segments, from new-to-credit account holders to premium users. We have an omnichannel acquisition network backed by strategic technology investments aimed at digitising the entire customer journey as well as enhancing user experience and operating efficiency. These combined with our excellent customer management, emphasis on safety features and consumer protection along with transparent and trustworthy policies, have made SBI Card a brand of choice for customers.

Today, we enjoy the trust of our 1.05 crore cardholders, and also of various multi-business conglomerates, banks, retail chains, travel and e-commerce companies, among others, with whom we have been associated to bring unique co-branded solutions to customers. We stand tall as the largest pure-play credit card company and the second largest credit card issuer in India, with a consistently growing market share.

I am happy to share that SBI Card has been recognised as one of the 'Most Trusted Brand' by Reader's Digest for the 11th time in FY20. Such recognitions reinforce our belief that we are implementing appropriate strategies to deliver customer satisfaction, together with business growth. I congratulate and thank the management and each employee who have dedicated their best efforts and strive to achieve new horizons of excellence.

SBI Card has been a key contributor and participant in the digital payments space and remains well poised to take advantage of the next level of growth in the underpenetrated Indian credit card industry. There is a strong momentum from cash to digital, in the new normal where social distancing is the norm, and credit cards with their many advantages are a preferred instrument of payment. SBI Card will continue to strengthen its co-brand partnerships; leverage SBI relationship, while simultaneously nurturing its large open market acquisition channel; augment investments in modern and scalable technology platform; focus on product innovation and superior customer servicing and grow profitably to create sustainable value for our shareholders.

Looking ahead, amidst challenges for the economy in FY21, SBI Card remains committed to supporting the needs of its customers and ensuring seamless delivery of services. The Company remains vigilant to face elevated risks in the operating environment and is taking adequate steps to remain resilient to minimise any adverse business impact.

I thank our stakeholders who are associated with us. We aspire and remain committed towards profitable growth and maximise value for all our stakeholders in a sustainable manner.

Warm regards,

Dinesh Kumar Khara

Message from the Managing Director & CEO



Dear Shareholders,

It is my privilege to present SBI Card's first Annual Report, following the Company's successful listing in March 2020. At the outset, I would like to thank each one of you who have invested in the Company and chosen to be a part of our growth journey. It is due to your deep faith and support that the IPO saw ~ 26 times oversubscription (excluding Anchor Book) even during the challenging times of COVID-19 pandemic.

Over the years, we have established ourselves as a leading player in the Indian credit card industry and today we are the largest pure-play credit card issuer in the country, with a strong legacy and deep domain expertise. The FY20 marks the 21st year of the Company's remarkable journey during which we undertook several initiatives to prepare ourselves to attain a higher growth orbit while also winning many external accolades in recognition of our performance. While we are excited about this new journey, it comes at a time when the world is battling an unprecedented socio-economic crisis resulting from the COVID-19 pandemic. I am sure that humanity will come out of it stronger, as done in many such situations in the past. My heartfelt gratitude to all those frontline warriors who have been at the forefront of this pandemic as well as those helping run the economic growth engine.

These challenges will redefine the way businesses function and also give rise to opportunities for those willing to act with agility. Agility and action define SBI Card. We continue to evolve and shape our business strategies in line with relevant opportunities while keeping a sharp eye on the challenges at hand. We will continuously monitor and evaluate any such opportunity to ensure value creation for all our stakeholders.

Performance highlights FY20

I am delighted to place before you the highlights of your Company's strong performance during FY20. Your Company has been delivering consistent growth propelled by its strong processes, investments in technology, robust business model and talented workforce. We have posted strong performance across all parameters for FY20, delivering value to all our stakeholders from investors to customers and partners. We continued to leverage our extensive distribution channels and launched several new exciting products. Your Company achieved a remarkable milestone of 'One Crore' card base in FY20 with 1.05 crore cards-in-force as on March 31, 2020 at YoY growth of 28% and generated spends of ₹ 1,30,915 crores at YoY growth of 27%. Consequentially, our market share in FY20 in terms of cards increased from 17.6% in FY19 to 18.3%. The market share of the spends too increased from 17.1% in FY19 to 17.9% in FY20. Growth in card base and spends led to receivables growth of 30% to ₹ 24,141 crores as on March 31, 2020.

While our total income increased by 34%, our operating costs increased by only 26% leading to increased efficiencies. We generated Profit after Tax (PAT) of ₹ 1,245 crores at a growth rate of 44%. Returns were healthy with Return on Average Assets (ROAA) at 5.5% and Return on Average Equity (ROAE) at 27.4%. The stupendous growth story was despite earmarking additional credit provisions of ₹ 489 crores towards COVID-19 pandemic.

As a result of the excellent business performance, your Company declared 10% interim dividend to its shareholders for FY20.

The Company remains adequately capitalised with Tier-1 Capital Adequacy Ratio (CAR) of 17.7% and total CAR of 22.4% as on March 31, 2020.

Delighting our customers

Excellence in customer service is a key pillar on which our organisation is built, and we continued to focus on enhancing customer experience at every touchpoint. During the past few years, we had consciously directed our efforts to proactively build a complete thread of digital journey for customers, starting from new customer acquisition to customer onboarding, to customer servicing and collections. We continued scaling up automation and the use of Artificial Intelligence in core operations. The use of chatbot to resolve customer queries, for digital customer onboarding, e-card and e-PIN for immediate card delivery are some initiatives that we undertook. In addition to redefining customer experience, we focussed on empowering employees through initiatives such as Knowledge BOT.

True to our ethos of 'Make Life Simple' for customers, we brought new, innovative solutions to meet their evolving needs. During the year, we partnered with full-service carrier Vistara, Landmark group and Ola Cabs to launch co-branded credit cards. The Ola Money SBI credit card is one-of-its-kind in the mobility space, targeted at addressing customers' evolving mobility spends while providing them maximum value and benefit.

Further, extensive use of data analytics by SBI Card enabled us to bring relevant and targeted offers for customers, in line with their spending trends. Your Company partnered with merchants in all relevant categories such as utility bill payments, electronics, pharmacy, grocery, fitness, in line with the current spending trends to bring a rewarding experience to cardholders.

Bringing brand closer to millennials

SBI Card draws its legacy from one of the country's oldest and most trusted banks, SBI, which has a glorious history in the Indian banking sector. We have always been agile and at the forefront of innovation in the payments space, with continuous investments in pioneering technologies. This has helped us to meet the changing requirement of customers and attract those seeking newer and better experiences, especially technology-savvy millennials.

This year, we launched our new brand identity. Blending our modern and youth-centric approach with the strong legacy of trust and credibility, it appeals to the modern sensibilities of the millennial generation who are the harbingers of the New India. This new identity comes with a change in our mission statement to reflect the ethos of our consumer-driven digital company and is an embodiment of our enterprising spirit.

Giving back to society

What also makes us proud is the transformation we have brought in the lives of people excluded from development. Across the year, in line with our CSR vision, we collaborated with 14 non-profit partners to drive positive social development. We undertook initiatives in areas of health, education and skilling, elderly and orphan support, environment and rural development to address critical social issues of hunger, poverty, illiteracy, unemployment, water management, lack of quality healthcare among others.

Through collaboration with Smile Foundation, we provided basic healthcare services in identified slum areas of four cities. We joined hands with SOS Children's Village to provide family-based care to orphans. Healthcare and shelter to elderly and critically ill were delivered through association with SHEOWS and Rotary Club of Banjara Hills. We are supporting education and vocational training through Literacy India while mobile digital classes offered through Ekal Gramothan Foundation are benefiting rural youth. We have partnered with Akshaya Patra Foundation for mid-day meal initiative and United Way of Delhi for improving school sanitation facilities.

COVID-19 response

COVID-19 pandemic has severely disrupted economic activity and the impact has been felt across industries. The countrywide lockdown affected our business in the final month of FY20. Private consumption accounting for nearly 60% of domestic demand got severely disrupted, thus significantly impacting discretionary spending and new account issuance.

Despite the difficult times, I am happy to share that our robust technology infrastructure, built through calibrated investment over the years, enabled us to minimise adverse impacts. We were able to ensure business continuity and kept critical processes running with minimal customer impact, while safeguarding our people, data and assets. Our workforce was provided with all, necessary support with safety as the utmost priority. Our VPN infrastructure was scaled up to enable employees to work from home securely. Agents were enabled to work remotely from home to support customer services and collection functions, through our private cloud Dialler.

Our strategic efforts to drive digital journey across the card life cycle and our highly capable digital platforms enabled effective customer service, even amidst the lockdown. Our diverse digital platforms including Website, Mobile app, IVR and ASKILA chatbot, functioned seamlessly enabling digital self-service for our customers.

In a major initiative to combat the pandemic-related lockdowns and restrictive travel, we stepped up the issuance of e-cards along with instant PIN generation to allow customers to immediately start transacting without waiting for physical card delivery. We also started video KYC and e-sign for contactless and presence-less customer onboarding. These initiatives will ensure sustained business development, alongside safety of customers and employees.

As per RBI directive, we offered moratorium support to eligible customers to enable them to manage their debt better in these unprecedented times.

We have been and remain confident that SBI Card has the resilience and capabilities to weather and conquer the challenges of these uncertain times. To spread the same faith and positivity and infuse hope in people in these difficult times, we came up with a new brand campaign 'Ghar Mein Khushiyaan' (happiness in every home) that inspires people to stay positive by finding new joy at home and creating cherished memories with their loved ones in these trying times.

Future outlook

COVID-19 is here to stay for some time. On the positive side, the pandemic has accelerated digitisation and the move towards cashless and digital spending. Cashless and contactless payments are a safe alternative in these times. With our extensive portfolio of contactless cards as well as functionalities such as SBI Card Pay, we are well placed to offer consumers the safe payment solution they seek. Our contactless cards allow consumers to pay by simply waving or tapping the card at the Point of Sale (PoS) machine. With Host Card Emulation (HCE) technology driven SBI Card Pay, consumers can pay with one tap of their mobile at Near Field Communication (NFC) enabled PoS terminals. In an environment where social distancing is a norm, these safe, convenient solutions will be a differentiator and drive growth.

We are also seeing a change in spending behaviour with new categories such as online purchase of groceries, utility bills, online education and online health consultation driving growth. We have already started to see good recovery with consumer retail spends returning to 80%+ of pre-COVID-19 levels in June 2020.

As we move ahead, we will continue to focus on the millennial consumer segment which is a leading demographic providing huge growth potential. India is today one of the youngest nations and is expected to have a large millennial base who will give a big push to retail consumption. As on March 31, 2020, 40% of our cardholder base were under the age of 35, highlighting the spending power of this segment. Recognising the unique need and preferences of this segment, we have in our product suite SimplyCLICK SBI Card and SBI Card PRIME. SimplyCLICK is targeted at online shopping needs, offering great savings and rewards. PRIME is targeted at superior lifestyle aspirations and meets the need for travel, entertainment and dining out. We will continue to launch more such targeted products.

Considering that these millennials are early adopters of technology, we also recognised the opportunity in NFC or contactless technology as well as HCE and were amongst the first in the industry to introduce these features.

Further, we are actively building our capabilities in advanced technologies like data analytics, Artificial Intelligence and Machine Learning to enhance and personalise customers' payment experience. Our AI-powered chatbot ASKILA is one such initiative which has helped in galvanising self-service experience of cardholders. Recognising the importance of mobile as a ubiquitous instrument for this generation, we have ensured various self-service features in our mobile app to enable cardholders manage their accounts on the go, making it one of the highest-rated apps in the industry.

We will continue to strengthen our co-brand card portfolio, to cater to diverse and evolving consumer needs. We are India's largest co-brand credit card issuer with 23 co-brand cards (9 bank and 14 non-bank) as on March 31, 2020. These partnerships reflect the

trust that these partners have on us. We will continue to identify opportunities in relevant categories and deliver products tailored to varied consumer segments.

We have successfully put in place a hybrid model of work from home and office which offers a strong balance of safety and efficiency. Our systems are also fully geared to support WFH (work from home) for additional workforce.

We will continue to be agile and digitally savvy and invest further in technology, training and brand building.

Backed by our policy of having our ears to the ground, understanding consumer sentiments and needs and responding with agility, we continue to rise to the challenge and deliver value to all stakeholders in spite of the odds.

On behalf of the Board, I take this opportunity to thank our stakeholders for their continuous support and trust in us. I would like to assure you that your Company is well placed on all fronts, has a strong financial position and is completely geared to deliver sustainable growth and value to our stakeholders in the coming years.

Stay safe, stay healthy!

Warm regards,

Ashwini Kumar Tewari

Board of Directors



Mr. Rajnish Kumar

Chairman

He holds a Master's degree in physics. He is on the central board of SBI and is currently its chairman. He previously served as the MD (national banking group), MD (compliance & risk) and the CGM of the north-eastern circle of SBI. He has held several key assignments across various business verticals of SBI, including the mid-corporate group, project finance, and two overseas assignments of SBI in Canada and U.K. He was the MD and CEO of SBI CAP. He joined SBI as a probationary officer in 1980 and has over 39 years of experience in the banking industry.



Mr. Dinesh Kumar Khara

Director

He holds a Bachelor's and a Master's degree in commerce and a Master's degree in business administration. He is also an associate of Indian Institute of Bankers (IIB). He is one of the MDs of SBI, overseeing the international banking book, corporate banking book & treasury operations of SBI. Additionally, he supervises the businesses of non-banking subsidiaries of SBI, which are engaged in diverse financial activities and is also entrusted with the role of supervision of 15 regional rural banks (sponsored by SBI). He was the MD and CEO of the SBI Funds Management Private Limited. He joined SBI as a probationary officer in 1984 and has over 35 years of experience in the banking industry.



Mr. Ashwini Kumar Tewari

Managing Director and Chief Executive Officer

He holds a Bachelor's Degree in engineering (electrical and electronics) and is a Certified Associate of Indian Institute of Bankers (CAIIB), Certified Financial Planner (CFP) and has done a Certificate Course in Management from XLRI. He served on the Board of International Institute of Bankers, New York and the Board of University of Washington Global Bankers Program. He has been a part of SBI for about three decades during which he held several leadership positions, the most recent being Country Head of the US Operations (New York, Chicago, Los Angeles, Washington DC and São Paulo, Brazil).



Mr. Devendra Kumar, Director

He is a Graduate in B.A. (Honours) and is a Certified Associate of Indian Institute of Bankers (CAIIB). He has about 34 years of varied experience in banking, finance, management and operations. Currently, he is serving as CGM (Associates & Subsidiaries) in SBI. In his present role, he is the SPOC in State Bank of India for its domestic subsidiaries and RRBs and is involved in the strategic and corporate issues pertaining to these subsidiaries and RRBs. He has earlier served in various geographical locations across the country in SBI and erstwhile Associate Banks. He has served as General Manager - Network in Maharashtra Circle, Chandigarh Network in e-SBP and Hyderabad Network in e-SBH.



Mr. Sunil Kaul, Director

He holds a Bachelor's degree in technology (electrical engineering) and a postgraduate diploma in management. During postgraduate course, he received IIMB Society's gold medal for 'Scholastic Merit', the Hindustan Petroleum award for 'Best Performance in Financial Management', and the Glaxo Marketing Scholar gold Medal for 'Best Performance in Marketing'. He has held several senior leadership positions in Carlyle group and Citi Bank. Prior to joining Carlyle group, he was the President of Citibank Japan Ltd and was concurrently the Chairman of CitiCards Japan KK and CitiFinancials Japan KK. At present, he is the MD and head of the financial services industry of Carlyle Asia Partners and concurrently heads the south-east Asia business of the Carlyle group. He has 34 years of experience in private equity, corporate and consumer banking.



Dr. Tejendra Mohan Bhasin

Independent Director

He holds a Bachelor's degree in law, a Master's degree in business administration. He is an associate of the IIB and is also a doctor of philosophy. He has been conferred with honorary fellowship by the Indian Institute of Banking and Finance. He was appointed as the vigilance commissioner at the Central Vigilance Commission by the President of India and is presently the Chairman of Advisory Board for Banking and Financial Frauds (ABB&FF), constituted by CVC in Consultation with RBI. He held senior leadership positions with Oriental Bank of Commerce, United Bank of India, and Indian Bank. He has over 41 years of experience in administration, banking, and finance.



Mr. Nilesh Shivji Vikamsey

Independent Director

He holds a Bachelor's degree in commerce, a post-qualification course in information system audit and is a qualified chartered accountant. He is a senior partner at Khimji Kunverji & Co LLP. He is a member of the advisory committee on mutual funds constituted by SEBI and the accounting standards board of Institute of Chartered Accountants of India (ICAI). He was a member of the quality review board established by the Government of India and insurance advisory committee of the Insurance Regulatory and Development Authority of India. He was also the president of the ICAI and an observer on the board of the International Federation of Accountants and a member of its technology advisory group. He has 34 years of experience in accounting, auditing, and finance.



Mr. Rajendra Kumar Saraf

Independent Director

He holds a Bachelor's and a Master's degree in science, a diploma in financial management, and is an associate of IIB and a fellow of the Insurance Institute of India. He has held multiple positions during his tenure with SBI, including the deputy MD and CFO of SBI. He was an advisor for National Payments Corporation of India and a member of its price discussion committee. He was also a consultant with Mynd Solutions and a senior advisor to TVS Capital Funds. He has over 39 years of experience in the banking industry.



Mr. Dinesh Kumar Mehrotra

Independent Director

He was the Chairman and Managing Director of Life Insurance Corporation of India (LIC). Previously, he was LIC's zonal manager in-charge of eastern zone and its senior divisional manager. He was the executive director (international operations) at LIC's office in Fiji. He has approximately 40 years of experience in the insurance industry.



Ms. Anuradha Shripad Nadkarni

Independent Director

She holds a Bachelor's degree in commerce, a post-graduate diploma in management and is a member of the Council of Chartered Financial Analysts. She was associated with Standard Chartered Bank as head financial institutions group, Swadhaar Finserve Private Limited as advisor, and Lotus India Asset Management Company as the head of business development and strategic initiatives. Currently, she is associated with Svakarma Finance Private Limited as a founding member and the whole-time director. She has over 30 years of experience across multiple financial services businesses.

Management Team

We have a professional and experienced management team with deep expertise in the credit card and the overall financial services industry. Most of the management team members have been associated with the company for long which supports the strategic direction of the business and makes operational co-ordination highly effective.



Mr. Ashwini Kumar Tewari
Managing Director & CEO



Mr. Richhpal Singh
Chief Operating Officer



Ms. Aparna Kuppuswamy
Executive Vice President &
Chief Risk Officer



Mr. Nalin Negi
Executive Vice President &
Chief Financial Officer



Mr. Girish Budhiraja
Executive Vice President &
Chief Product and Marketing Officer



Mr. Manish Dewan
Executive Vice President &
Chief Sales Officer



Mr. Naresh Kapur
Executive Vice President &
Chief People Officer



Mr. Rajendra Singh Chauhan
Executive Vice President &
Head - Internal Audit



Ms. Suruchi Nagpal
Executive Vice President &
Head - Internal Audit



Mr. Ashok Kumar Lohmod

Executive Vice President &
Head - Workforce Effectiveness



Mr. Pradeep Singh Khurana

Executive Vice President &
Chief Information and Digital Officer



Mr. Ugen Tashi Bhutia

Executive Vice President &
Head - Legal



Ms. Rinku Sharma

Executive Vice President &
Chief Compliance Officer



Mr. Amit Batra

Executive Vice President &
Head - Operations



Mr. Monish Vohra

Executive Vice President &
Head Customer Services



Ms. Anu Choudhary Gupta

Executive Vice President &
Head - Collections



Mr. Vishal Singh

Executive Vice President &
Head Banca Channel



Ms. Nandini Malhotra

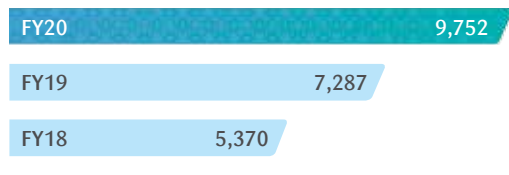
Executive Vice President &
Chief Credit Officer

Performance Highlights

Financial Performance

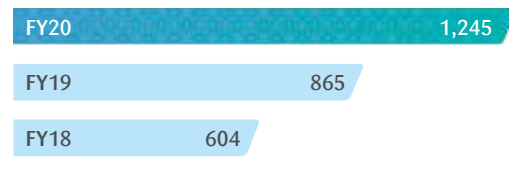
Total Income

(₹ crores)



Profit After Tax

(₹ crores)



Return on Average Assets[#]

(%)



Return on Average Equity[#]

(%)



Capital Adequacy Ratio

(%)



Cost to Income Ratio

(%)



Interest Income Yield[#]

(%)



Net Interest Margin[#]

(%)



[#] Based on 2-point averages

Operational Performance

New Accounts

(000)

FY20	3,408
FY19	2,840
FY18	2,531

Cards in Force

(000)

FY20	10,548
FY19	8,271
FY18	6,258

Average Spend per Card#

(₹ 000)

FY20	139
FY19	142
FY18	141

Average Receivables Per Card

(₹)

FY20	22,888
FY19	22,398
FY18	23,281

Gross Non-performing Assets

(%)

FY20	2.01
FY19	2.44
FY18	2.83

30-Day Active

(%)

FY20	54.7
FY19	55.9
FY18	57.0

Receivables

(₹ crores)

FY20	24,141
FY19	18,526
FY18	14,570

Spends

(₹ crores)

FY20	1,30,915
FY19	1,03,265
FY18	76,490

Based on 2-point averages

Transforming Payments Landscape in India

The Indian economy has long been heavily cash dependent for transactions due to a lack of better alternatives. However, the rapid development of digital technology and rewarding payment options are transforming the landscape. With credit cards offering an unmatched value proposition of interest-free credit for several days, ease of transaction, international acceptance, and safeguards against theft and fraud, they are becoming the most preferred mode of payment.

Drivers of transformation

Increasing digitalisation

- Internet and smartphone penetration; Jan Dhan accounts, Aadhaar and Mobile (JAM); demonetisation; goods and services tax (GST); launch of Unified Payments Interface; and COVID-19 pandemic have boosted digital payments
- Digital payments quadrupled from ₹ 590 crores in FY16 to ₹ 1,800 crores in FY20

Economic burden of cash

- Cash has a higher cost of carrying
- Threat of parallel economy and theft

Rise of e-commerce

- E-commerce is cost-effective compared to brick-and-mortar stores and thus offers lucrative deals to attract customers
- Industry has nearly doubled since FY16 to ₹ 2,90,500 crores in FY19 and is expected to grow at a CAGR of 23-28% to reach ₹ 9,02,500 crores by FY24



Growth potential for credit cards in India

Favourable demography

- 138 crore population with a median age of 28.4 years
- Rising affluence with GDP per capita growing from ₹ 90,000 in FY14 to ₹ 1.52 lakhs in FY20
- 35% of loan origination in FY19 was from millennials

Shift from savings to consumption

- Decline in household savings as a percentage of gross national disposable income (GNDI) from 24% in FY12 to 17% in FY18
- Shift in household savings from physical to financial assets

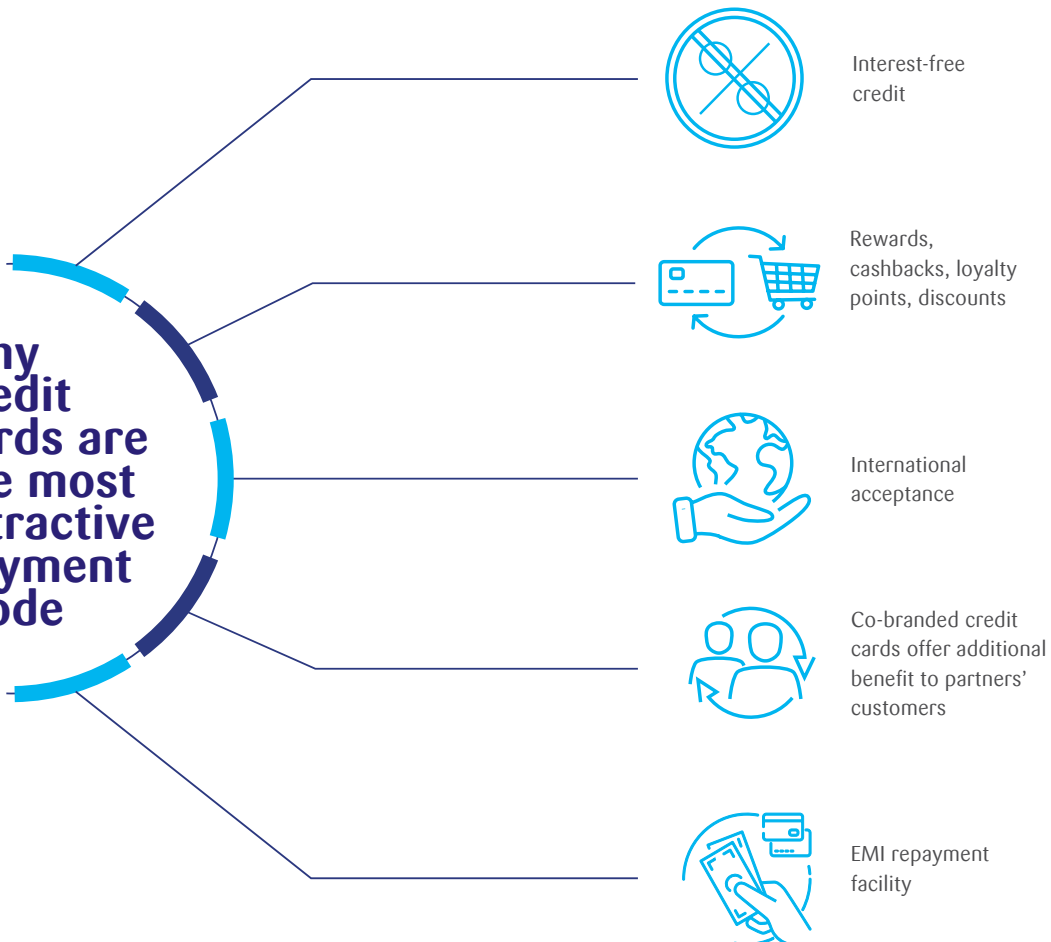
Low market penetration

- Average number of credit cards outstanding per person at 3.5 per 100 persons in India as compared to 49 in China, and 88 in Brazil, 85 in Australia and 337 in USA
- Credit card spends as a percentage of GDP stood at 3.2% in India as compared to 18% in the US, 26% in Hong Kong, and 13% in Brazil
- Credit card spends expected to increase by 2.5 times, from ₹ 6.1 lakh crores in FY19 to ₹ 15.2 lakh crores, in FY24

Trend of rising new-to-credit (NTC) customers

- The number of NTC customer originations in credit cards has increased at a CAGR of 20% in three years to ~30 lakhs in FY18
- 25% of new card additions in FY19 were NTC customers

Why credit cards are the most attractive payment mode



SBI Card: Ready to Deliver

At SBI Card, we strive to become the market leader in India's highly under-penetrated and attractive credit card space. We are uniquely positioned in the industry to capitalise on the growth opportunities by leveraging our competitive strengths, thereby ensuring sustainable benefits for our stakeholders. Being the subsidiary of India's biggest Public Sector Bank, whose name is familiar to every Indian, we have the advantage of unparalleled reach as well as top-of-the-mind recall and trust.

Our competitive strengths



Diversified product offering

[read more on page 24](#)



Robust customer acquisition model

[read more on page 26](#)



State-of-the-art technology platform

[read more on page 28](#)



Superior customer engagement and service capabilities

[read more on page 30](#)



Risk management capabilities

[read more on page 31](#)

Our strategies



Expanding customer acquisition capabilities



Widening offerings to tap new customer segments



Stimulating transaction volume



Optimising risk management



Enhancing cardholder experience



Technology for operational excellence



Diversified Product Offering

We have a comprehensive cards portfolio that caters to all customer segments, from new-to-credit to high net worth individuals, and to all their spending needs, from travel to healthcare. This enables our customers to derive maximum benefits out of their SBI Credit Card. Continuous innovation across products and services is our focus area to meet customers' evolving requirements and to stay ahead of the competition.

Cards tailored for diverse segments

We offer a wide range of credit cards catering to individual cardholders and corporate clients. Our offering includes lifestyle, rewards, travel and fuel, shopping, banking partnership and corporate credit cards for premium, affluent, mass affluent, mass, and new-to-credit customer segments. We have partnered with several retailers, airlines, railway operators, department stores, banks, specialty retailers, and mass merchandisers to offer co-branded credit cards. These offer partner-specific benefits, in addition to credit and transaction facilities. We also offer highly customisable corporate cards for specific types of purchases and functionalities.

Products and services driven by analytics

We employ predictive modelling analytics based on cardholders' behaviour and transaction patterns across the entire lifecycle of our relationship. This enables us to offer targeted products and services to each customer, ensuring more efficient cross-selling and higher cardholder satisfaction and retention.

Option for preferred network

We have partnered with Visa, MasterCard, and RuPay payment networks for issuing cards to meet the preferred network requirements of customers. We are also continuously looking to expand our payment network partnerships to broaden the reach and functionality of our credit card offerings. Recently, we have entered into a partnership agreement with American Express to issue our credit cards on their payment network.

Cross-selling third-party products

We distribute appropriate third-party products and services to leverage our existing cardholder base and maximise the value derived from them. These products are offered at various lifecycle stages and touchpoints. We have also partnered with financial service providers to offer complementary products such as life insurance, general insurance, health insurance, card protection plan, and phone protection products on a commission fee basis.

Research-based new product development

We attract and retain cardholders by continuously developing new credit card offerings, programmes, features and benefits. Our product development process involves comprehensive market research and analysis (undertaken by self and third-party research firms) to understand market trends and evolving cardholder needs and expectations. We also analyse the spend behaviour of our cardholders to understand shifts in their spending patterns, and carry out market gap analyses to identify any cardholder segments that may be under-served and, therefore, present us with a market opportunity. In FY20, we launched 8 new products.

Value-Added Service Offerings

We offer credit card holders the following additional benefits:

- ATM cash – Cash withdrawal via ATMs, limited to the cash advance limit
- Easy money – Personal loans within existing cash advance limit
- Encash – Personal loans to select cardholders over and above their existing credit card limit
- Encash Inline – Personal loans to select cardholders within their existing credit card limit
- Flexipay – EMI (equated monthly instalments) facility to pay for retail purchases
- Balance transfer – Transferring existing balances on other banks' credit cards to their SBI credit card

Payment networks supported



New product development

FY20	8
FY19	4
FY18	6

Our diversified product and service offering

Core Cards



Co-brand Cards



Corporate Cards



SBI Card is India's largest co-brand credit card issuer with 23 partners. Our banking partners include Central Bank, Allahabad Bank, Federal Bank, and South Indian Bank. Non-banking partners include Air India, Apollo Hospitals, BPCL, Chennai Metro, Club Vistara, Etihad Guest, FBB, IRCTC, Lifestyle, Mumbai Metro, OLA Money, Tata, and Yatra.



Robust Customer Acquisition Model

We have a robust customer acquisition model comprising open market distribution, bank distribution, and corporate distribution channels to engage prospective cardholders. This gives us a nationwide presence spanning India's Tier I, Tier II and III cities, and rural areas. Our large scale of operations has ensured faster than industry growth and positions us attractively to seize the huge credit card opportunity in India.

Open market acquisition channel

We are among the leading players in open market acquisition with presence in 3,446 open market points across India, including bank branches, retail stores, malls, fuel stations, railway stations, airports, corporate parks, and offices of co-brand partners. These partnerships facilitate cross-selling to the existing co-branded cardholder base. We have also deployed outsourced sales force to acquire customers through physical points of sales (PoS) as well as through telesales, online channels, e-mail and SMS marketing, and mobile applications.

Our online customer acquisition is based on websites and mobile applications, complemented by our Sales24 digital application. This platform is fully integrated with our customer on-boarding and credit decision platforms. It enhances our ability to undertake digital credit analysis and provide a real-time in-principle approval at the PoS. Our SBI Card mobile application lets us conduct on-boarding, generate an electronic PIN, and immediately despatch an e-card to our new cardholders, enabling them to carry out online transactions immediately. We have also integrated our platform with SBI's YONO interface to market our products on its mobile application.



Our open market customer acquisition network:

3,446 open market points of sale

Physical presence at retail locations of co-brand partners and branches of co-brand partners

Outsourced and trained workforce across POS locations and tele-sales network

Online e-apply channels, e-mail and SMS marketing

Bank acquisition channel

Our SBI parentage provides us access to the bank's vast countrywide network and customer base. To capitalise on this, we have launched Project Shikhar, a joint initiative with SBI, to market our credit card products directly to SBI customers. The initiative has helped in significantly growing the percentage of new accounts sourced from SBI's existing customer base. The number is up from 35.2% of all new accounts in FY17 to 49.5% in FY20.

Marketing activities for brand building and consumer engagement

We market our products through multiple channels, including direct mailing, call centre, newspapers, magazines and radio advertisements, marketing campaigns, exhibitions and other events, and internet advertising. Prospective cardholder engagement capabilities are continuously developed through innovation in order to optimise product, pricing, and channel selection. We also leverage strategic partnerships with sponsorship properties to drive growth.





State-of-the-Art Technology Platform

At SBI Card, we have always been at the forefront of technology adoption and application. Our investment in Data Analytics, Artificial Intelligence and Machine Learning enables us to meet all the specific requirements of cardholders, giving them customised service, and to anticipate what they might want next. We have also automated several processes, setting new benchmarks in operational excellence alongside reducing costs.

Modern and scalable technology infrastructure

We have established a scalable and sophisticated technology infrastructure, capable of servicing customers across the entire credit card lifecycle and handling a much larger scale of operations. This gives us the operating leverage to grow the cardholder base without any capex. Our IT platform is operated out of multiple data centres across India to ensure stability. Use of Artificial Intelligence (AI) and process automation technologies for routine activities has enhanced operating efficiencies. The cost and knowledge associated with the development, operation, and maintenance of a technology system like ours provides a significant competitive advantage.

Digitalised routes for reaching cardholders

We are making sustained investments in building our digital and mobile capabilities to enhance cardholder experiences. Our approach continues to be cardholder- and partner-centric, reaching out to cardholders in unique ways at home, in store, online, or wherever they prefer. We have also empowered our customer service agents with the AI-powered chatbot DRISHTI for more accurate results.



Key digital initiatives undertaken:

- **e-credit card** – Instant generation of virtual credit and electronic PIN to enable new cardholders to immediately start online transactions without waiting for the physical card delivery
- **Sales24** – Digitised credit card application process at PoS and fully integrating it with our customer on-boarding and credit decision platform. This has enhanced our ability to digitally carry out our credit decision process and provide a real-time in-principle approval at the PoS
- **Data Lake** – An end-to-end data analytics platform facilitating real-time, location-based customised offers to cardholders
- **COVID-19 pandemic response initiatives:**
 - **e-sourcing** – Launched video KYC to let card applicants undertake KYC conveniently through video calls as well as e-sign to enable them to digitally sign documents
 - **Secure VPN for work from home (WFH)** – Established secure VPN to support WFH for all employees

Heavily invested in core technology systems and building new peripheral applications in the past three years

Digital highlights FY20

56.1%

Credit card applications decided by credit decision engines without human intervention

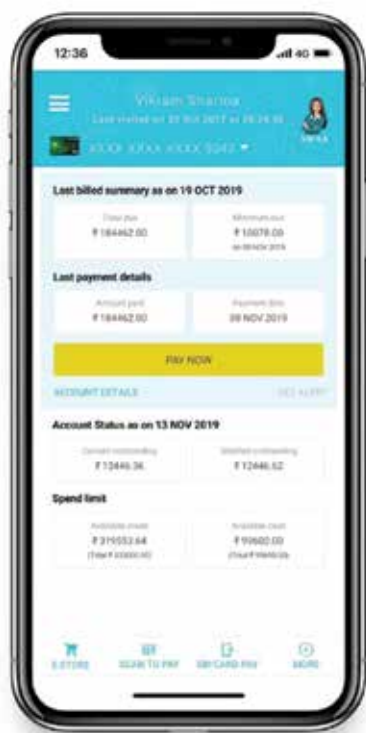
92.3%

Billing statements sent by e-mail

96.6%

Bill payments handled as digital payment modes

SBI Card mobile application: scaling customer experience



4.7



4.6



- Contactless payment at NFC-enabled point-of-sale machines
- Bharat QR-based payments
- Instant self-service option with virtual assistant chatbot ASKILA
- Reward points redemption
- 12 self-service options such as viewing card statements, raising a transaction dispute and fraud reporting
- Promotion of cross-sell products



Superior Customer Engagement and Service Capabilities

At SBI Card, we do not just offer cards and acquire customers, but we also customise our offerings based on their spending behaviour over the card lifecycle. Also, we strive to always enhance engagements and better understand their needs, ensuring the highest level of customer satisfaction. Our omnichannel service platform enables them to reach out to us through any medium they prefer, making servicing faster and more effective.

Cardholder engagement

We have a comprehensive engagement mechanism with cardholders, starting right from on-boarding and early activations protocols. We send a welcome kit, text and personalised e-mail and follow up with a call to ensure a seamless experience. Cardholder experience is enhanced by employing predictive modelling analytics based on their behaviour and transaction pattern to deliver relevant product or service offers.

Customer service

We ensure a superior cardholder experience through our comprehensive, omnichannel customer service platform, which is integrated with a range of digital solutions. Our range of interaction points include customer service via telephone in nine different languages, text messaging, chat and 24/7 customer service online through ASKILA (our virtual assistant chatbot). We also proactively send notifications via e-mail, text messaging and in-app messaging for monitoring transaction activity and account security. A wide range of 16 different payment modes are offered to ensure customer convenience. We enable focused servicing basis the customer requirements with a customer

segmentation model that ensures optimized experience for each customer. Our continued focus is on enabling frontline Customer Service Representatives with state of the art tools including a 360 degree Customer Relationship Management platform that captures the complete customer lifecycle interactions and history and enables a comprehensive servicing. The CSRs are further assisted by an AI-enabled knowledge platform that allows Real-time online support to ensure a fast and accurate On Call Resolution.

Our AI-powered chatbot ASKILA helps customers with self-servicing. The chatbot proved its capabilities during the COVID-19 pandemic, when cardholders were increasingly looking for self-service. It successfully handled 1.9 crore services queries during April-July 2020 with 97.8%+ accuracy. We are focussed on enhancing the knowledge of our bots to gain deep insights for proactive customer support.

Personalised service

We ensure customer segmentation and personalisation of services through a 360-degree analysis, which also assists in automatically prompting the next best offer.



SBI Card offers cardholders 16 different payment modes, including payment facilities through YONO by SBI, Onlinesbi.com, ATM, SBI mobile banking and auto debit.



Risk Management Capabilities

We have established robust risk management capabilities, supported by advanced digital technologies and a risk modelling framework based on years of experience. These enable us to achieve one of the lowest fraud to spend ratios in the credit card industry. Our risk management capabilities are integrated with our decision-making process when approving credit card applications.

Advanced and extensive credit underwriting

We have an advanced risk management infrastructure that is robust and fortified by our data analytics capabilities. We evaluate over 1,700 attributes for every credit decision. We also possess a large database of (existing and historical) demographic and socio-economic cardholder data, derived from numerous transactions. The database facilitates in-depth analysis of card user propensities and future performance modelling. This, along with data from credit bureau and other sources, is analysed to generate underwriting scorecards, proactively mitigating risks and reducing losses and delinquencies.

We have also developed models to accurately estimate risk for new-to-credit and new-to-card customers who do not have a credit history and account for a large section of the population. They are expected to be key growth drivers for India's credit card market.

Adequate reserving

We maintain segmented Expected Credit Loss (ECL) models, which are Ind-AS compliant and take into consideration economic indicators in portfolio stress-testing models. In line with this, during FY20, we set aside an additional provision of ₹ 489 crores to protect the Company from any effects related to the COVID-19 pandemic.

Our robust credit analysis mechanism

- Proprietary scorecards to assess an applicant's creditworthiness
- Analysis of hundreds of variables, including cardholder-provided and credit bureaus information
- Screening based on various inputs, including credit bureau information, previous experience with the cardholder, and information provided by our partner
- Pre-approved account solicitations for certain programmes
- Determining in advance the qualifying credit scores and initial credit line assignments for each portfolio and product type

Portfolio management

We undertake an in-depth approach to credit analytics in our periodic credit monitoring processes. This involves analysing behavioural and several other related variables to manage cardholder accounts. The variables are reviewed monthly to minimise inconsistencies in the information underpinning those variables. Investments have been made in setting-up two BOTs – one for transaction monitoring and another for fraud management. We have one of the lowest cases of fraud in the industry.

We also have a strong collection mechanism, supported by technology infrastructure. We leverage our technology to send billing statements by e-mail and also send text messages of statement generation, amounts due and due date. Our collections personnel initiate contact with cardholders within 30 days after any portion of their balance becomes past due. Collection scorecards tailored to cardholder behaviour are maintained to estimate their propensity to pay.

During the year, we have further strengthened the collection mechanism by investing in advanced collection CRM (customer relationship management) software. It is in the final stages of completion and will come live in the next financial year.



Strategy for Long-Term Sustainable Growth

As we optimise and improve our competitive strengths, we have formulated strategies to be present wherever the growth opportunities are. Our presence is always backed by our industry-leading cards portfolio and technology, and our ever increasing knowledge of diverse consumer requirements and behavioural patterns. The result is a sustainable growth trajectory that will take us to the heart of India's digital payments landscape.



Expand customer acquisition capabilities

- Increase the number of open market physical points of sale across India, especially in Tier II and III cities, which are contributing to increasing proportion of new accounts
- Enter new co-brand partnerships (retail chains, online aggregators and financial marketplaces) to tap their customer base
- Deepen co-brand partnerships to include digital penetration into their online and mobile platforms
- Deepen partnership with SBI to tap its large customer base through joint marketing efforts and enhancing platform synergies
- Strengthen own digital and mobile customer acquisition platforms to increase traffic to our website; enable prospective customers to apply via SBI YONO mobile application
- Strengthen brand recognition by increasing marketing and brand value enhancement efforts



Widen offerings to tap new customer segments

- Continue to introduce new cards tailored for different income and lifestyle segments
- Tap super-premium segments with cards for HNIs, who generate higher spends
- Introduce cards to target new-to-credit / new-to-card customer segments who will be key growth drivers
- Target youth with innovative products to fuel growth



Stimulate transaction volume

- Enhance value proposition to cardholders (especially for Tier II and III cities) by using analytics to deliver targeted and timely offers – cashback, bonus reward, merchant discounts
- Expand payment capabilities and partner with new payment networks, merchant categories and aggregators to incentivise use of credit cards
- Enhance credit limit increase programme and monthly instalment options to increase affordability for customers
- Assess opportunities to establish new partnerships with payment network to incentivise card use frequency
- Focus on acquiring new corporate clients and deepen existing relationships to better understand and deliver their needs
- Grow online spends through e-commerce and API integration


4



Optimise risk management

- Make credit decision more data-driven by deploying data analytics capabilities
- Make credit decision engines fully AI-capable
- Build AI and Machine Learning capabilities in customer acquisition, portfolio management and transaction monitoring models
- Launch new robots for risk management

5



Enhance cardholder experience

- Invest in digital and mobile capabilities
- Provide additional payment capabilities and other functionalities
- Promote digital cards that are delivered directly to cardholders' mobile phones to provide added convenience
- Consolidate omnichannel servicing platform by expanding ASKILA chatbot and social media service capabilities
- Enhance customer service capabilities using AI-enabled knowledge management tools

6



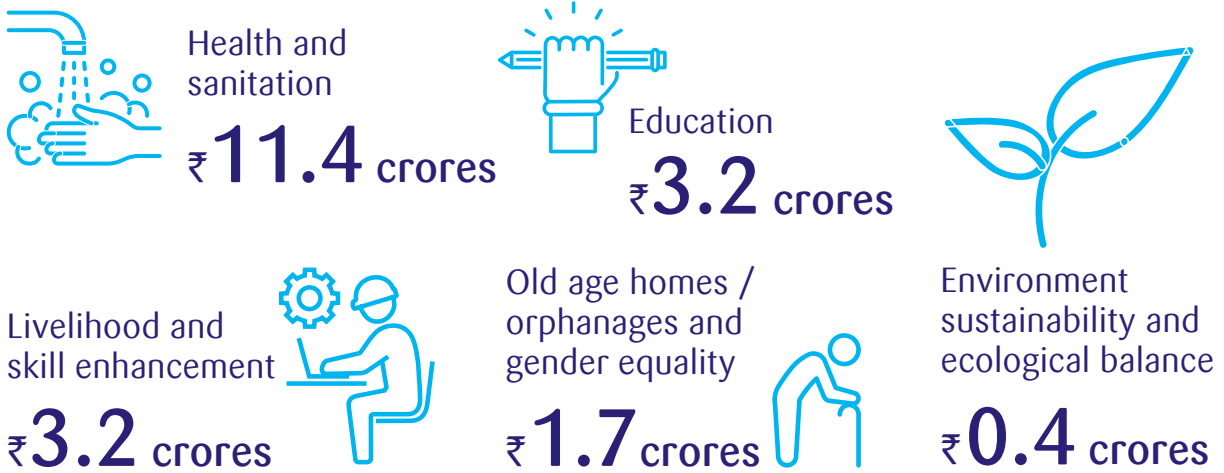
Technology for operational excellence

- Invest in technology to enhance operational efficiency and reduce costs
- AI and predictive behaviour capabilities to improve collection efforts
- Using geotagging technology to identify areas with significant potential for credit card penetration and strengthen marketing
- Upgrade transaction monitoring capabilities to decline potentially fraudulent, high-risk transactions and protect our customers as well as enhance trust and experience
- Drive adoption of paperless statements and plastic-less, digital credit cards
- Redeploy resources, eliminate/defer non-priority expenditures and renegotiate commercials with vendors/service providers to reduce costs

Ensuring the Well-Being of the Communities

At SBI Card, we are strongly focussed on driving a positive change in the communities around us by ensuring their welfare and holistic development. We have partnered with several CSR implementing agencies to ensure greater impact.

CSR focus areas and spend in FY20



SBI Foundation

Corpus funding support is provided to SBI Foundation to work in the projects related to rural development, ensuring environmental sustainability and ecological balance and old age homes/ orphanage and gender equality.

Health and sanitation

We undertook multiple initiatives during the year to promote better health, nutrition and improve sanitation. We supported Mobile Medical Unit (MMU) in association with Smile Foundation to facilitate primary health care services to underprivileged communities in the slums of Delhi, Gurugram, Chennai and Agra benefiting economically weaker section in 50 identified slum areas. Palliative care support to terminally ill patients was provided in association with Sparsh Hospice Palliative Care Center managed by Rotary Club Banjara Hills Charitable Trust. A primary eye screening services camp

was arranged for underprivileged in Gurugram, Manesar and Sohna area through awareness camps.

At Jaipur's SMS Medical College, we supported the paediatric surgery department in purchasing medical equipment and renovating its public area. This will enable the hospital to provide better medical facilities and reduce child mortality rate.

Focussed on better health, nutrition and eradication of hunger in children, we supported Akshaya Patra Foundation in providing mid-day meal to 16,000 students of government schools in Mathura district and 30,227 students in Lucknow. We also provided vessels in Lucknow for mid-day meal distribution. Towards sanitation, portable toilet were set-up in 10 government schools of Gurugram and Delhi.

Education

Our education initiative focusses around providing educational support to children and facilitating digital technologies to enhance quality of education. During the year, we supported education expenses of 200 underprivileged girl students and pre-vocational classes of students in Class 3rd and Class 5th onwards including above 200 at Vidyapeeth school, Gurugram in association with Literacy India.

We partnered with Ekal Gramothan Foundation to provide digital literacy and bridge digital divide by encouraging rural children and youth to learn computer skills through mobile vans equipped with computers to impart training to ~3,600 beneficiaries across the villages of Mahbubnagar and Amarabad in Telangana, Gajraula and Mathura in Uttar Pradesh, Kumbhkonom in Tamil Nadu and rural Bangalore.



We are supporting Indian Institute of Science (IISc), Bangalore in building country's first Artificial Intelligence lab for M. Tech Course.

Orphanage and old age home

We supported in providing family-based care to 60 children living in six houses run by SOS Children's Village along with six mothers in Faridabad and Bawana (Delhi). At Guru Vishram Vridh Ashram (old age home) managed by our NGO partner Saint Hardayal Education and Orphan Welfare Society (SHEOWS), we are supporting the stay and care of 125 elderly.



Livelihood and skill development

We are facilitating skill development training to underprivileged youths across 15 states under the National Skill Development Corporation initiative to enhance their employability. Under this project, we have committed to support 2,480 underprivileged youth across India in banking and financial services, leather and telecom sectors.

Environment sustainability and ecological balance

We undertook development of rainwater harvesting structure in association with Plan International across 10 Government Schools of Gurugram. The project will ensure the twin objective of facilitating water at these schools and recharging of groundwater level.

Employee volunteering

We encourage our employees to participate in various community initiatives to drive behavioural change. Employees spent quality time with elders at Saint Hardayal Education & Orphan Welfare Society (SHEOWS), and children's at SOS Children's Village and Akshaya Patra Foundation by taking part in various activities to engage with beneficiaries.

Corporate Information

BOARD OF DIRECTORS

Mr. Rajnish Kumar
Chairman

Mr. Dinesh Kumar Khara
Nominee Director

Mr. Ashwini Kumar Tewari
Managing Director & Chief Executive Officer

Mr. Devendra Kumar
Nominee Director

Mr. Sunil Kaul
Nominee Director

Dr. Tejendra Mohan Bhasin
Independent Director

Mr. Nilesh Shivji Vikamsey
Independent Director

Mr. Rajendra Kumar Saraf
Independent Director

Mr. Dinesh Kumar Mehrotra
Independent Director

Ms. Anuradha Shripad Nadkarni
Independent Director

CHIEF FINANCIAL OFFICER

Mr. Nalin Negi

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Payal Mittal Chhabra

STATUTORY AUDITORS

S. Ramanand Aiyar & Co.
Chartered Accountants

REGISTRAR AND TRANSFER AGENTS

FOR EQUITY:

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Mumbai – 400 083, Maharashtra, India
Telephone: +91 22 4918 6200
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

FOR DEBT:

Zuari Finserv Limited
Corporate One, 1st Floor, 5 Commercial Centre, Jasola,
New Delhi – 110025, India
Telephone: 011-41697900
Facsimile: 011-40638679
Email: rta@adventz.zuarimoney.com
Website: www.zuarimoney.com

BANKERS

State Bank of India

Central Bank of India

Punjab National Bank

Bank of Baroda

Sumitomo Mitsui Banking Corporation

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Management Discussion and Analysis

Macro-Economic Environment

The Government of India undertook several policy initiatives in FY20 including reduction of corporate tax rate, incentives for startups in India, one-time partial credit guarantee to Public Sector Banks (PSBs) for purchase of pooled assets of financially sound Non-Banking Financial Companies (NBFCs), recapitalisation of public sector banks and merger of 10 public banks into four entities etc. Apart from the above, various steps were taken to boost manufacturing, employment generation, financial inclusion, digital payments, improving ease of doing business via schemes such as Make in India, Skill India and Direct Benefit Transfer. However, the global headwinds and challenges in the domestic financial sector moderated the growth of Indian economy in FY20. The real GDP growth moderated to 4.2% in FY20 as compared to 6.1% in FY19.

The World Health Organisation on March 11, 2020 declared COVID-19 a pandemic following spread of the virus across continents. The COVID-19 pandemic led disruptions and lockdown on an unprecedented scale globally as well as in India. The global economic activity remained standstill under COVID-19 lockdowns and social distancing. On the domestic front too, the economic activity was impacted severely by the lockdown during March 2020 and extending into FY21 as well. While the economic activity has started to recover from the lows of April-May, 2020 following partial re-opening of some parts of the country and partial opening of various business/economic activities June 2020 onwards, surges of fresh infections have forced re-clamping of lockdowns in several cities and states.

(Source: RBI MPC statements, WHO, Macro Economic Framework Statement 2020-21 GOI, NSO MOSPI)

Outlook for FY21

The Monetary Policy Committee in its resolution dated August 6, 2020 noted that the economy is experiencing unprecedented stress in an austere global environment. It also stated that for FY21, real GDP growth is expected to be negative. An early containment of the COVID-19 pandemic may impart an upside to the outlook. A more protracted spread of the pandemic, deviations from the forecast of a normal monsoon and global financial market volatility are the key downside risks.

(Source: RBI MPC statements)

Industry Developments

Payment Industry has continued its high growth trajectory with interests not only from established financial players but also from host of fintech players entering the market with UPI (Unified Payments Interface) based payment solutions

and / or digital lending products. Credit card as a product has also gained in acceptance. As per the RBI Industry reports, number of credit cards in circulation in India stood at 5.77 crores as on March 31, 2020 growing by 23% YOY. Spends on credit cards for FY20 stood at ₹ 7,32,290 crores showing a growth of 21% YOY. Number of Point of Sale (PoS) terminals stood at 51.38 lakhs as on March 31, 2020, growing by 38% YOY. Significant growth of PoS terminals indicates a strong positive momentum for the Industry.

The Company is the 2nd largest credit card issuer in India in terms of both spends and cards-in-force. The Company has been growing above industry average consistently in both spends and cards categories. It has a total card base of 1.05 crores as on March 31, 2020 which is 28% higher than previous year. The Company has delivered spend of ₹ 1,30,915 crores in FY20 which is 27% higher than previous year. The Company is ranked 2nd in terms of both cards-in-force as well spends on cards. The Company held 18.3% market share (17.6% previous year) in terms of cards-in-force and 17.9% (17.1% previous year) in terms of spends in FY20. UPI (United Payments Interface) is a real-time immediate payment system that powers multiple bank accounts into a single mobile application that facilitates several banking features like funds transfer, bill payments, merchant payments etc. UPI was launched by NPCI in April 2016 and since then has 148 members banks and numerous fintechs leveraging the payments interface for transactions. UPI has gained immense popularity and adoption since launch and is especially known for low ticket size peer-to-peer payments (P2P). In FY20, UPI has seen transactions volume worth 21.3 lakh crores on its platform, a 2.4 times growth over FY19 transactions volume of 8.76 lakh crores.

Opportunities

India is the fifth largest economy and is a highly under penetrated market with an average card ownership per 100 people at 3.5 compared to 88 in Brazil, 24 in Russia, 49 in China, 85 in Australia or 337 in USA *(Source: BIS Data)*. This represents a huge potential to increase credit card penetration in India. There have been certain tailwinds for the industry as below:

1. Infrastructure

Increased terminalisation of merchants serves as an enabler for digitisation of payments and increasing acceptance points for card usage. Number of PoS terminals has doubled in last 3 financial years and as of March 31, 2020, there are more than 50 lakhs PoS terminals in India. BQR (Bharat QR Code), which is a new-age payment acceptance touchpoint has in a short period of time since launch, crossed the 20 lakh

mark as on March 31, 2020, indicating its popularity. In order to further strengthen the payments acceptance infrastructure, RBI has announced the setting up of Payments Infrastructure Development Fund (PIDF) which will provide fillip to digitisation of payment systems and provide impetus to the acquirers for installing PoS terminals across the country.

2. Consumer Behaviour

It is projected that e-commerce market will reach USD 200 billion by FY26 from USD 39 billion in FY17 (Indian e-commerce Industry Report, IBEF). Increased smartphone penetration, affordable access to internet and increasing share of e-commerce are some of the factors that have driven the adoption and popularity of digital payments.

- The share of digital payments in total retail payments has gone up from 43% in FY15 to 79% in FY20 (76% in FY19). This will further aid in increasing digital payment penetration. The retail credit has grown at 16% CAGR in the last 2 years, indicating growing acceptance of credit in consumer purchases (Source: RBI). Payments infrastructure related developments and consumer behaviour changes coupled with potential to increase credit card penetration presents a unique opportunity for the credit card sector which the Company can harness for growth.

Threats

Along with opportunities, there are also new challenges in the credit category. The government continues to focus and push for adoption of Digital Payments. While this has provided impetus to the credit cards category, the digitalisation push has also significantly benefited the UPI payment option offered by banks. Multiple aggregators have launched their own UPI platforms powered by banks. UPI is gaining adoption in new merchant categories and with new use cases being developed, overall acceptance and popularity of UPI is on the rise. New customers moving from traditional (Offline payment methods) digital payment methods i.e. UPI helping to bring them into the digital payments ecosystem and payment systems like UPI aid in development of the market. Credit is a product which is given based on eligibility. Considering the same, digitisation of payments will help increase the credit eligible pool and SBI Card intends to leverage the same through strengths like superior distribution and products. Further, SBI Card is in the process of partnering with third party UPI platforms wherein the cardholders can add the SBI Card Credit card and use the same for PoS payments, In app payments and QR codes.

On account of COVID-19, there is a renewed focus on digital lending in a big way. The Company has seen a lot of new-age players especially online e-commerce companies offering pre-approved short-term credit to their existing customers and also new fintech approaching new segments.

The Company will keep a close watch to assess the impact of various developments in the payments sector and shall

The retail credit has grown at

16%

CAGR in the last 2 years

take suitable actions to counter threats as well as leverage the opportunities for growth.

Risks and Concerns

As the credit cards industry base expands at a fast pace, the key risk factor remains credit risk and overleveraging of the same customer by multiple issuers. This risk also arises from the fact that many new to card and new to credit customers are being sourced by issuers. The Company leverages bureau data (including trended variables) and debt-income models.

With an increase in the number of cyber security incidents of data thefts and financial frauds in banking and financial sector, SBI Card has given topmost priority to strengthen its information and cybersecurity framework across people, processes, and technology within the Company. All customer and organisational data along with information assets are protected with a multi-layered security approach. The Company is equipped to prevent, detect, withstand, and respond to cybersecurity attack or insider threat with security controls implemented across layers (Security awareness, IT network, system and applications).

New Payment Technologies

The Company has been making rapid strides to adopt and implement new technologies. SBI Card has been one of the earliest issuers to launch contactless cards in the industry and has majority of new card issuance to contactless cards since December 2018. The Company has also launched Bharat QR (Scan to Pay) for its cardholders which has been received very well. Bharat QR payment system will allow merchants to receive digital payments without the use of PoS machines. This is expected to simplify digital payments and enable more people to move to the cashless payment methods.

The Company is well placed to embrace the changing technologies and in continuation of the same has launched SBI Card Tap and Pay NFC payment feature on SBI Card Mobile App for SBI Cardholders on Visa platform. Once the Cardholder has registered for this service, they can make payments by simply unlocking and tapping their eligible Android smartphone on NFC PoS terminals. Payments are allowed up to ₹ 2,000 per transaction without PIN. Payments above ₹ 2,000 require Cardholders to enter PIN at PoS terminals. At present, 76% of the Company's cards in force are Tap and Go enabled.

Innovations

SBI Card follows the principal of 'Customer First' and works constantly towards providing the most seamless and frictionless payment experience to its customers. It has launched multiple payment solutions such as Tap and Pay and Bharat QR on its own mobile app as well as with partners like Samsung. These payment features availability on SBI Card Mobile App ensure that the mobile application remains a single, secure source for all payment methods and further eliminates the dependency on the physical plastic, thus increasing customer's engagement and stickiness.

SBI Card has recently launched eCARD and Virtual Card (on Host Card Emulation technology). The eCARD functionality delivers a card to the customer on the day the account is created over electronic medium securely. Using the eCARD functionality, customer can immediately start transacting online without waiting for the physical plastic to arrive. Furthermore using eCARD, customer can also map the card on SBI Card mobile app (which offers Host Card Emulation on Android mobile phones) and create a Virtual Card on their mobile device. This functionality of Virtual Card is branded SBI Card pay. Powered with the Virtual Card, customer can also start transacting on the PoS machines. Therefore, using eCARD (for online spends) and Virtual Card (for PoS), customer can start transacting without waiting for physical plastic to arrive.

COVID-19 Pandemic

SBI Card has been focussing on business continuity while ensuring compliance with the directives issued by the Union and various state governments and regulatory bodies from time to time. A Quick Response Team (QRT) comprising senior functionaries was set up at the head office to respond quickly to emerging COVID-19 scenarios on an ongoing basis. The QRT is empowered to take actions related to business readiness, health and safety, and employee communications. The Company has a Work from Home (WFH) policy to ensure continuity of critical business during the COVID-19 crisis and majority of employees have been enabled WFH. The digital transformation through investments in technology over the years ensured that the core services and operations continue with minimal business impact while still safeguarding the Company's data and assets.

The Company undertook a detailed analysis of the unprecedented economic situation caused by the COVID-19 crisis and developed strategies to manage its business impact. This included entire spectrum of its business model encompassing customer acquisition, generating spends, portfolio monitoring and collections, customer servicing, cost optimisation etc.

As the government initiated partial relaxation of lockdown, the Company has been scaling up business operations gradually. The Company has opened offices across various locations, as per directives from government with limited staff while ensuring compliance with the required social distancing norms. The same shall be scaled up in accordance with future guidelines.

All the sourcing channels are now active, and sourcing of new accounts is being scaled up to the extent possible. Online channels including YONO (digital platform of State Bank of India) continue to remain open for customers to apply. The new account sourcing daily run-rate in June 2020 reached approximately 60% of pre-COVID-19 levels (*average run-rate from December 2019 to February 2020*).

Credit card as a product has an advantage of continuous customer engagement due to the unique nature of business. As a result, spends on credit cards continued during lockdown through online and merchant outlets open during this period. Post relaxation of lockdown, average daily retail spends in June 2020 reached more than 80% of pre-COVID-19 levels.

The Reserve Bank of India announced moratorium on loans including credit cards for three months from March 2020 to May 2020 (Phase 1) which was further extended by another three months up to August 2020 (Phase 2). The Company adopted an 'opt-in' mechanism for enrolling customers for moratorium in Phase 2, while in Phase 1 eligible customers were enrolled basis the Company Policy. The Company continues to closely monitor its portfolio and is taking appropriate actions to mitigate risk in specific customer segments. The actions range from credit limit decrease, blocking of cards, restricting cash withdrawal etc. The Company has tightened its underwriting norms for new accounts in various customer segments that have been impacted by the COVID-19 crisis as per its internal assessment. In FY20, the Company created additional provisions of ₹ 489 crores to cover probable credit losses that may result in future due to COVID-19 related economic deterioration and RBI moratorium.

The economic environment is unprecedented and gradually evolving and it is difficult to estimate with certainty the impact of economic disruption on the Company. The Company will continue to monitor the environment and its effect on the business model on an ongoing basis and is focussed to take all measures to minimise any adverse business impact.

Business Overview

Card Acquisition

SBI Card sourced 34.1 lakh new accounts in FY20 as against 28.4 lakhs in FY19 at YOY growth of 20%. The Company's customer base has increased to 1.05 crore as on March 31, 2020 compared to 0.83 crore as on March 31, 2019 growing 28% YOY in the current financial year. Growth in new accounts was enabled by focussed investments in augmenting its distribution capabilities. The Company's sales team consists of full-time employees distributed across various teams specialised in specific sales strategies supported by outsourced manpower employed as salespersons, callers, back-end and field executives reaching out to customers in more than 148 locations across country. The distribution is spread across various channels - Banca, co-brand partners, Point of sale distribution, Tele-calling centres and digital medium.

New Product Launches

The Company has launched eight new products in the last financial year. The products have been launched across diverse categories and segments.

- **Lifestyle Home Centre, Max, Spar SBI Card:** SBI Card's association with four Landmark Group brands (Lifestyle, Home Centre, Max and Spar). The card is designed to be a one-stop payment solution for the entire family providing a rewarding shopping experience to cardholders across categories like fashion, home furnishing and grocery.
- **IRCTC SBI Card Premier:** Premium co-brand card launched in partnership with IRCTC, IRCTC SBI Card Premier offers a rewarding and complete travel experience to customers, through its unique benefits and unmatched value proposition. The card offers exclusive benefits on travel booking through IRCTC and categories like dining, utility.
- **Club Vistara SBI Card:** SBI Card's association with full-service carrier, the card offers exclusive benefits on Vistara and up to 5 free flight tickets and up to 6 free flight ticket cancellations every year.
- **Central Bank of India SBI Card:** SBI Card's co-branded card program with Central Bank of India, the card offers exclusive benefits across categories like dining, groceries, departmental stores and movies.
- **City Union Bank SBI Card:** SBI Card's association with City Union Bank, the card offers exclusive benefits across categories like dining, groceries, departmental stores, and movies.
- **Shaurya SBI Card:** SBI Card's first product launch on RuPay platform. The Card offers exclusive benefits for armed and paramilitary forces on categories like dining, grocery, departmental stores, movies and CSD canteens.
- **SBI Card Vyapaar Unnati:** An exclusive card created for Traders community which can be applied from anywhere in India through a SBI branch.
- **OLA Money SBI Card:** Industry first co-branded card with India's largest mobility player. The card offers cashback on OLA spends and all other spends. Customers can apply for the card on the OLA Mobile app and get an instant decision with a credit limit on the app.

Launch of RuPay Network

RuPay is the first and only indigenous network of India and provides wide acceptance across offline and online channels. RuPay fulfills RBI's and Government of India's vision of digital and cashless economy.

The Company started issuing RuPay denominated card from September 2019 with the launch of Shaurya Cards.

Spends and Engagement

- The Company continued strong growth momentum in spends. Spends for FY20 was at ₹ 1,30,915 crores, growth of 27% from previous year.

- Transaction market share of the Company increased to 17.7% in FY20 from 15.8% in FY19.
- In line with the changing consumer preferences, the Company has witnessed a robust growth in contactless transactions. As on March 31, 2020, more than 1 out of every 5 retail point of sale transaction was a contactless transaction.
- The Company continued to build on higher saliency of online spends with share of online spends at 44.2% of retail spends.
- The Company engaged with leading merchant partners across categories from apparel, consumer durables to online shopping, healthcare, utility bill payments to provide value to cardholders on transacting with SBI Card.

Brand

SBI Card brand is a highly trusted and recognisable brand in the country with one of the best brand health scores in the category. According to the brand track survey commissioned by the Company and conducted by Kantar IMRB in FY20, the SBI Card brand enjoys 100% total awareness and highest top-of-mind awareness recall in the category of 37%. To boost brand salience and recall, more than seven high impact advertisement campaigns were launched during the year covering all the major cities and key media vehicles including print, magazines, outdoors, radio and digital. The Company's retail visibility program played a key role in supporting sales and enhancing brand visibility by adding more retail kiosks across 70+ cities.

Digital Platforms

Mobile App:

- The Mobile App continues to be a preferred self-service Digital touchpoint for SBI Cardholders attracting over 35 crore logins in the last year.
- Several key features that were added to the SBI Card Mobile App in the last financial year include launch of SBI Card Pay, Location-based offers, Insurance products along with key servicing elements like ASKILA (the Company's AI-powered Chatbot) on App, Online Dispute Management and Digital Onboarding features.

Website

- The Company's website - sbicard.com and tatacard.com attracted over 15.5 crore visitors in the last year.
- Several key features added to the SBI Card website in the last financial year include Launch of Alerts functionality, E-card functionality, revamped E-apply journey along with key servicing elements like Online Dispute Management, Digital Onboarding features and Consumer Satisfaction survey.

Digital and Social Media Initiatives

- Over 15 digital media campaigns conceptualised around New Product launches, product and offer promotions

were executed in the last financial year. Some of the marquee campaigns during FY20 included the Festive Diwali Campaign, Offer Promotion for Shikhar portfolio, Club Vistara Card Launch Campaign etc.

- SBI Card is engaging with its customers and social media fan/followers on its social media platforms (Facebook, Twitter Instagram, YouTube and LinkedIn) through contextual posts and videos on regular basis. The Company's social media presence has increased across platforms owing to consistent engagement and content partnership with major publishers.

Internal Control Systems and Adequacy

The Company has in place a robust and comprehensive Risk Management Framework enumerating risk-based decision-making and risk management processes encompassing existing risks, new risks that may have arisen, the likelihood and impact of risks. In addition, the overall risk management process is subjected to periodic review. The Company's Risk Management Framework supports a sound system of internal control, contributes to effective corporate governance and assists in fulfilling risk reporting requirements.

The internal audit process is synchronised with the Risk Management Framework of the Company. The Company has an internal audit system commensurate with its size and had appointed an external audit firm for conducting periodic audits of its internal functions and processes for the year.

Risk Management

At SBI Card, risk management process involves a series of actions designed to reduce or eliminate potential loss, that emanate from known or unknown risks. Accordingly, a Risk Management Framework has been evolved to enable identification, assessment, aggregation, and reporting of risks prevailing in the processes.

The Board along with its various committees is responsible for overall corporate governance. The Board of Directors is responsible for approving and reviewing policies, risk appetite statement and strategic issues which are crucial for the Company's overall growth and development and achievement of its strategic and business goals. Board designated committees namely, Risk Management Committee of Board (RMCB), Enterprise Risk Management Committee (ERMC), Audit Committee of Board (ACB) and Asset & Liability Committee (ALCO) and various internal committees including Operational Risk Management Committee (ORMC), Compliance Review Committee (CRC), Information Security Committee (ISC) and Credit Committees (CC) are in place for monitoring business performance and monitoring and management of various risks.

The major risks faced by the Company are Credit Risk, Operational Risk, Liquidity Risk, Regulatory Risk, Reputation Risk and Strategic Risk. The Company has formulated various policies including Risk Management Policy, Compliance Policy, Credit Policy, Fraud Risk Management

Policy, Outsourcing Policy, Information and Cyber Security Policy etc. to delineate comprehensive architecture for managing these risks prudently. The Company has adopted qualitative and quantitative parameters to assess the materiality of risks to be included in its Risk Universe. Risk Management department in the Company strives to identify new / emerging risks. This risk universe is reviewed and updated at least annually. The Board-approved Risk Appetite Statement provides guidance to the management on the desired level of risk for various types of risks and helps steer critical portfolio and strategic decisions.

- Credit Risk:** Credit risk is the risk of financial loss if the customer fails to meet their contractual obligations. Being a credit card company with retail and corporate portfolio being the earning assets, credit risk arises from all transactions that give rise to actual, contingent, or potential claims against any borrower. The goal of credit risk management is to maintain asset quality and concentrations at individual exposures as well as at the portfolio level. As card dues are mostly retail in nature and are payable monthly, the assessment and monitoring of credit portfolio is done through review of cardholder's repayment performance and outstanding in various buckets. Besides, the Company has a detailed portfolio monitoring for the corporate card portfolio as well.

The Company uses sophisticated machine learning (ML) based analytics and models to continuously perform a risk rating of the portfolio for determining the acceptability of risk, drawdown ability, credit limits, eligibility and sanctioning of authorisations, eligibility for instalment-based balance conversions. Corporate card portfolio are independently vetted by the risk management department and approved by the suitable credit committee. Risk models are governed by a Model Risk Governance policy covering the life cycle of all risk models from inception, methodology, discrimination power, accuracy, stability, to model calibration and retirement.

- Operational Risk:** The Company has set up a comprehensive Risk and Controls Self-Assessment (RCSA) process for documenting, assessing, and periodic monitoring of various risks and controls. Risks are assessed for their acceptability or unacceptability by measuring their frequency and impact. An incident reporting mechanism for reporting operational risk incidents is in place. All outsourcing arrangements are examined and approved only after due diligence process including Operational, Financial and Information Security assessment. Business Continuity Plan (BCP) framework is in place to ensure continuity of service to its large customer base. The effectiveness of the approved BCP framework is tested for all identified critical internal activities to ensure continuity of services and readiness to meet various contingency scenarios. The learning from the BCP exercises are

used as inputs to further refine the framework. The Company has strengthened its data loss prevention systems and deployed various controls to ensure information / data of its customers, stakeholders, employees is secure. Information Security Committee regularly reviews the performance of key information and cyber security metrics and provides directions to mitigate risks.

- c. **Liquidity Risk:** Liquidity risk arises from inability to meet payment obligation when they fall due. This may be caused by the Company's inability to liquidate assets or to obtain funding to meet its liquidity needs. The Asset Liability Management (ALM) Policy of the Company stipulates a broad framework for liquidity risk management to ensure that SBI Card is in a position to meet its liquidity obligations as well as to withstand a period of liquidity stress. Pursuant to RBI Circular on "Liquidity Risk Management Framework for NBFC", the Company has introduced various key indicators in liquidity risk appetite to provide early warning signals.
- d. **Regulatory Risk:** In order to comply with regulatory guidelines, laws / rules, SBI Card Compliance team tracks completion of all regulatory tasks through an automated tool. All key issues are highlighted to Enterprise Risk Management Committee and Compliance Review Committee. In addition, Compliance function performs independent annual assurance testing to substantiate whether functions are complying to regulatory guidelines.
- e. **Reputation Risk:** Being in the service industry, managing reputation risk is paramount to the Company. Therefore, the Company monitors customer complaints, negative media incidents, obtain real-time feedback to measure voice of customers.
- f. **Strategic Risk:** Strategic Risk arises out of wrong business model being followed or lack of medium or long-term planning. It may also arise due to lack of awareness about competition or changed business environment. Strategic Risk may jeopardise the very existence of the Company. The assessment is generally carried out by benchmarking key business matrices against the competition. The Board is actively engaged in providing strategic direction to the Company. Product and Marketing team of the Company is constantly trying to introduce more innovative products and thus maintain and increase its competitive advantage in the industry.

Operations and Customer Servicing

The increasing customer base has also translated into increase in customer touchpoints. The customer delivery

requirements have been efficiently managed through increased digitisation of customer touchpoints and flexible, expandable infrastructure. The Company has been able to successfully deliver an enhanced customer experience by continuous critical evaluation of its processes, creating enablers to meet and influence customer behaviour, adopting technology including Artificial Intelligence and Robotics etc.

The Company's initiatives and digital interventions across operations have led to a complete transformation in the way it conducts business. It offers end-to-end seamless application processing / onboarding experience to its customers via digitised processes that includes Video KYC, E-signature, Mobile-app based verifications, Automated underwriting & Electronic card and Green PIN.

The Company continuously benchmarks customer experiences across industries to bring the best for its customers. The adoption of electronic transaction modes is significant, especially for a credit card player having customers present across the country. Monthly statements and payments are critical moments-of-truth, majority of its customers are availing electronic modes for instant transaction confirmation.

We have deployed cutting-edge technologies and process initiatives to ensure a superior customer experience for all our customers. Our feature rich web and mobile platforms enable customers to self-serve their requirements; our Artificial Intelligence and Machine Learning driven customer facing chatbot enables upfront query resolution; and our Robotic Process Automation tools provide efficient support to run voluminous backend activities with the highest degree of accuracy. In line with its philosophy of digitisation and enhanced customer experience, the Company's existing customers have an option to upload their KYC documents in a completely safe and secure manner through a post login upload feature.

More than half of the customers' requirements are serviced digitally with very high levels of speed and accuracy. The Mobile App and Website are embedded with transaction capable BOT that ensures the highest degree of self service and satisfaction. The Interactive Voice Response (IVR) system can communicate in choice of top 9 widely spoken languages, internally built customer identification feature allows customer to transact without any human interventions. Highly empowered and trained service representatives offer resolution to queries in 9 different languages round the clock to suit customer convenience. These resolutions are highly rated by the Company's customers for their effectiveness and experience. Higher levels of service and consistency are met through AI-enabled conversational knowledge BOT "Drishti" that agents can access real-time to resolve customers' queries.

Technology

SBI Card is committed to digitise journey across life cycle of card from New Accounts to Collections, always powered by Artificial Intelligence and Data, built on strong infrastructure to enable growth in payment ecosystem while protecting its customer.

- **Digital Sourcing capabilities**

The Company's Sales 24 platform (Origination / New Account sourcing platform) is enabled for accepting applications and documents through digital channels. Both these features are available for applicant for all sourcing journeys i.e. Direct to customer, Open Market, Sales tele-calling team or self-assisted journey on SBI Card website or SBI Branch Sourcing.

- **Digital Carding**

E-card has been issued to the Company's customers to reduce the dependency of plastic, followed by sending the Green PIN to the customers for end-to-end digital experience. Tap and Pay functionality (HCE) on NFC (Near Field Communication) has been enabled on PoS (Point of sale) using Android devices. Payment can now be made through SBI Card mobile app without using the card plastic.

- **Digital Onboarding and Proactive Registration**

This functionality enables the customer to register on the website through SMS and digitally understand the product features. Entire training process for new customers is now digitised.

- **Digital and Data Marketing**

The Company has invested in Data Lakes, Data Marts, Financial Ledger, etc. which are automatically linked to core platforms. Data from core systems is now available in real time for applicable use cases.

- **Digital Servicing**

SBI Card has leveraged AI to completely transform customer as well as employee experience with the introduction of bots (ASKILA SBI Card chatbot) and DRISHTI (Employee Knowledge Bot). All self-servicing features are available on ASKILA today which is powered by smart algorithms to predict customer behaviour and basis customer profile presents personalised offers to customer.

Besides AI, Robotics platform has also been leveraged to automate internal processes with increased efficiency. Multiple bots deployed have kept the critical business processes up and running seamlessly.

- **Digital Collections**

A new completely digitised platform for collections has been set up this year to provide wing-to-wing digitised collection processes with a 360-degree customer view.

This would help in increasing Right Party Contact (RPC), agent productivity and enhancing customer experience through real-time communication.

- **Strong, Scalable, Reliable & Secure Infrastructure**

All the business enablers are being built up on a strong foundation with 24x7 availability across all IT systems with a strong Disaster Recovery set up of all mission critical applications. SBI Card has created its own intellectual property set of applications to run the business processes and serve the customers.

Compliance

To ensure highest standards of Compliance, SBI Card has a strong, independent and robust Compliance program in accordance with the regulatory and ethical obligations. To identify, assess and manage various compliance risks, a comprehensive compliance framework has been setup with Board Approved Compliance policy that includes detailed guidelines on Code of Conduct, Fair Practice Code, AML/KYC Policy etc.

All areas of Compliance are managed under a shared framework of Prevention, Detection and Response. This framework has been developed with specific focus on maintaining adherence to all applicable regulatory norms with a strong operating rhythm through regular reviews with the senior management team who provide a monthly certification for adherence to regulatory norms. A compliance certificate is also submitted to the Board.

A Functional Compliance framework has also been set up wherein each function is educated on their regulatory obligations; metrics of their processes are prepared to ensure compliance and an ongoing tracking / review conducted in the Compliance Committee. The Compliance Program also has a proactive Assurance process that tests the controls governing high risk areas. Audits on Compliance function are carried out on periodic intervals. These are over and above the annual audits carried out by organisation's Internal Audit function as well as the regulators. The audit report is presented to the Audit Committee of the Board of Directors of SBI Card.

The Compliance function reviews all new products and processes and ensures that internal policies of the Company address the regulatory requirements comprehensively. The Compliance function also aims to continuously strengthen the culture of integrity and ethics through employee awareness and education on key compliance themes and regulatory obligations through various modes like newsletters, e-learning sessions, leadership connect, focus group sessions, location connect, online knowledge checks etc. A comprehensive Compliance training program ensures continuous employee education and awareness for all new and existing employees.

The Company also firmly believes that as business transactions become more digitised, trust and transparency

remain a vital element of business. This approach strengthens its current relationship with the customers and also shapes its endeavours for future business growth.

Internal Audit

The Internal Audit function of the Company provides high quality counsel to the management on the effectiveness of Risk Management and Regulatory compliance of the organisation besides contributing to the effectiveness of the internal controls in achieving the corporate objectives. The internal audit team is responsible for planning and getting the internal audits conducted for all functions, policies and processes through an independent external audit firm engaged for the purpose. The risks associated with the business and various processes are identified as part of risk assessment exercise and RCSA conducted by the risk function. The internal audit function ensures that all risks identified and captured in the RCSA are addressed in the audit process. The audit process includes elements to assess possible risk to organisational business performance, business sustainability and reputational risk. All key risk policies are reviewed and audited by the auditors to ensure that the design of the policy addresses the potential risks and that the policy is correctly implemented to give the desired results. The Internal Audit function of the Company operates under the supervision of the Audit Committee of the Board (ACB), thereby ensuring its independence. Effectiveness of internal controls in terms of the Company's internal processes and regulatory guidelines are regularly reviewed by the ACB and wherever necessary directions are passed for the required compliance.

Human Resources

SBI Card is a young organisation, with average employee age as 32 years and is dominated by millennials. Overall employee strength was 3,967 as on March 31, 2020. Strong and stable Senior Management has an average tenure of 11 years (excluding officers deputed from SBI) with the organisation. FY20 witnessed some strong HR initiatives around all aspects of the employee lifecycle:

Focus on Talent Acquisition framework

- Digitisation of hiring processes.
- Hiring of young talent through Campus Hiring program.
- Integrated Recruitment Process Outsourcing (RPO) Model implemented.
- Creation of Talent pipeline.

Restructured Talent Management Framework to cater to business dynamics by:

- Scientific and comprehensive process of organisation structure designing with clear linkages to productivity metrics.

- Robust Career Progression process and principles established through:
 - Introduction of Assessment Centre.
 - Individual Development Plan for employees in middle & senior management.
- Performance Management philosophy made objective and aligned to business requirements.

Robust Learning and Development domain in the organisation

- Implementation of integrated Learning Management System with focus on online curriculum.
- Mandatory learning hours introduced for all employees.
- Leadership Development programs for Senior and Middle management in collaboration with Harvard Business School and Indian School of Business.

Digitisation of HR processes

- Integration of all employee-linked processes in Human Resources Integrated System (HRIS) "Connexions".
- HR Chatbot ready for launch.

Employee Wellness & Engagement

- Launch of Sigma Wellness Network – Life 2.0, a holistic wellness initiative for employees. The edifice of Sigma Wellness Network is built on two-fold of five pillars and Community Development. Pillars are Personal, Professional, Intellectual, Spiritual, Environmental.
- Enhanced and comprehensive Insurance coverage.
- Robust Recognition Framework – "Wings".
- Quarterly employee townhalls conducted across India.
- Fun@work – Various activities were conducted across the Company's pan India offices for promoting a culture of happy and connected workplace.

Established Performance Oriented Rewards and Benefits Structure

- ESOP – Performance and Goodwill Grants made to employees.
- Enhanced and comprehensive Insurance coverage.
- Scientific Job Evaluation methodology.
- Role and performance based pay philosophy.

Corporate Social Responsibility

As socially responsible, SBI Card marked its presence in various states/UTs through its CSR initiatives in FY20 and reached across to thousands of needy individuals through our CSR initiatives, targeting beneficiary groups that included children, youth, women and elderly in areas of Education, Health, Environment Sustainability & Skill Development.

Total income increased by

₹2,465 crores

or 34%, from ₹ 7,287 crores for FY19 to ₹ 9,752 crores for FY20.

Financial Performance

Given under is a snapshot of the financial results for the year ended March 31, 2020 and the previous year:

Particulars	In ₹ crores		
	FY20	FY19	% Change
Total Income	9,752	7,287	34%
Finance Costs	1,301	1,009	29%
Credit Costs	1,940	1,148	69%
Operating Costs	4,781	3,795	26%
PBT	1,730	1,335	30%
PAT	1,245	865	44%

Total income increased by ₹ 2,465 crores or 34%, from ₹ 7,287 crores in FY19 to ₹ 9,752 crores in FY20. This increase was a result of the following key factors:

- Interest income increased by ₹ 1,266 crores, or 35%, from ₹ 3,576 crores in FY19 to ₹ 4,841 crores in FY20, primarily due to a 29% increase in the average amounts of credit card receivables in FY20 as compared to FY19.
- Income from fees and services increased by ₹ 907 crores, or 30%, from ₹ 3,072 crores in FY19 to ₹ 3,979 crores in FY20.

Finance costs increased by ₹ 292 crores, or 29%, from ₹ 1,009 crores in FY19 to ₹ 1,301 crores in FY20 and is in line with the increase in average receivables.

Operating costs increased by ₹ 986 crores, or 26%, from ₹ 3,795 crores in FY19 to ₹ 4,781 crores in FY20. The increase in operating costs in FY20 was less than the increase in the total income in the same period. The cost-to-income ratio was favourable at 56.6% in FY20 as against 60.4% in FY19.

Impairment losses and bad debts expenses (Credit Costs) for the year increased by ₹ 793 crores, or 69%, from ₹ 1,148 crores in FY19 to ₹ 1,940 crores in FY20. The COVID-19 global pandemic has given rise to unprecedented challenges in the economic situation. The Government of India mandated a nationwide "Lockdown" from March 25, 2020. To ease the financial burden, the RBI allowed institutions to extend a payment moratorium from March 1, 2020 to May 31, 2020 for its customers. SBI Card has also complied with RBI guidelines on the same.

Considering the possible effects from the pandemic relating to COVID-19, the Company created specific COVID-19 related provision of ₹ 489 crores based on its internal

estimates. Further, late fees of ₹ 90 crores was reversed in March 20 following the RBI moratorium. Hence, there was an adverse pre-tax impact of ₹ 579 crores in FY20 towards COVID-19 impact.

Profit before tax increased by ₹ 395 crores, or 30%, from ₹ 1,335 crores in FY19 to ₹ 1,730 crores in FY20. Profit after tax for FY20 increased by ₹ 380 crores, or 44%, from ₹ 865 crores in FY19 to ₹ 1,245 crores in FY20. Excluding pre-tax COVID-19 impact of ₹ 579 crores, PBT growth stands at 73% YOY and PAT growth at 92%.

Balance Sheet as of March 31, 2020

During FY20, the Company got successfully listed on BSE and NSE. The shareholders diluted 14% of their holding and the Company raised fresh equity capital of ₹ 499 crores to utilise for augmenting its capital base to meet future capital requirements.

- Total Balance Sheet size as of March 31, 2020 was ₹ 25,303 crores as against ₹ 20,146 crores as of March 31, 2019, a growth of 26%.
- Net Worth as of March 31, 2020 was ₹ 5,413 crores as against ₹ 3,659 crores as of March 31, 2019, a growth of 48%.
- Gross Credit card receivables as of March 31, 2020 were ₹ 24,141 crores, an increase of 30% from ₹ 18,526 crores as of March 31, 2019.

Asset Quality

The Gross non-performing assets were at 2.01% of gross advances as on March 31, 2020 as against 2.44% as on March 31, 2019. The Provision Coverage Ratio increased to 67.2% as against 66.5% as of March 31, 2019.

Capital Adequacy

As per the capital adequacy norms issued by the RBI, the Company's capital-to-risk ratio consisting of Tier I and II capital should not be less than 15% of its aggregate risk weighted assets on - balance sheet and of risk adjusted value of off-balance sheet items. As of March 31, 2020, the Company's CRAR was 22.4% compared to 20.1% as of March 31, 2019.

The Tier I capital in respect of an NBFC-ND-SI, at any point of time, is required to be not less than 10%. The Company's Tier I capital was 17.7% as of March 31, 2020 compared to 14.9% as of March 31, 2019.

SBI Card enjoys the highest credit rating from CRISIL and ICRA for both short-term and long-term programs as below:

Rating

CRISIL Long-Term	-	AAA/Stable
CRISIL Short-Term	-	A1+
ICRA Long-Term	-	AAA/Stable
ICRA Short-Term	-	A1+

High credit ratings depict the robustness of the Company's liquidity management framework and its ability to meet financial obligations. The Company has access to diverse source of funds and its borrowing composition consists of multiple bank lines, commercial papers and debentures. As on March 2020, the Company had ₹ 3,702 crores of unutilised banking limits which translates into 22% of sanctioned banking limits which is more than sufficient to meet its future obligations. The Company also has a robust Asset Liability Management process with positive cumulative mismatches across all buckets.

Segment-wise or product-wise performance

There is only one reportable segment ("Credit cards") as envisaged by Ind-AS 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. Accordingly, as the Company operates in a single business and geographical segment, the reporting requirement for primary and secondary disclosures prescribed by Ind-AS are not required to be given.

Key Ratios

Particulars	FY20	FY19	Change
Return on Average Assets	5.5%	4.8%	64 bps
Return on Average Equity	27.4%	28.4%	(97) bps
EPS (basic) ₹	13.3	9.5	41%
Total Capital Adequacy Ratio	22.4%	20.1%	228 bps
Financial Leverage (Debt/Equity = Liabilities/Tier 1 Equity)	4.7	6.0	(21)%
Interest Income Yield	22.7%	21.6%	109 bps
Net Interest Margin	16.6%	15.5%	109 bps
Cost to Income	56.6%	60.4%	(388) bps
Gross NPA	2.01%	2.44%	(43) bps

Explanation of Return on Average Equity

Return on Average Equity (ROAE) was 27.4% in FY20 as compared to 28.4% in FY19. Return on Average Assets (ROAA) for FY20 was higher by 64 bps at 5.5% compared to 4.8% in FY19. ROAE was lower by 97 bps due to higher equity base contributed by infusion of additional equity of ₹ 499 crores in March 2020 during IPO.

The following table provides a summary computation of the ratios:

Particulars	FY20	FY19	Change
Net Revenue (Total Income less Finance Costs)	37.2%	35.1%	205 bps
Credit Costs (including COVID-19 provisions)	8.5%	6.4%	211 bps
Operating Costs	21.0%	21.2%	(20) bps
PBT	7.6%	7.5%	14 bps
Taxes	2.1%	2.6%	(50) bps
PAT (ROAA)	5.5%	4.8%	64 bps
Average Assets/Average Equity	5.0	5.9	86 bps
ROAE	27.4%	28.4%	(97) bps

Prospects

The Company believes that a sustainable and successful business model requires value maximisation to all stakeholders. SBI Card is committed to serve its customers through superior product and enhanced customer experience. The Company is intensively focussed to achieve a profitable growth along with a healthy portfolio mix leading to value enhancement to its shareholders.

The Company shall continue to leverage sourcing from SBI customer database, it shall also focus to increase its new account acquisitions from open market and co-brand distribution channels. The Company aims to increase its digital sourcing from both banca and open market sourcing and is working on launching wing-to-wing digital acquisition journey.

The Company shall continue its engagement with existing customers and remain focussed to improve card features and value propositions. It shall continue to explore opportunities for cobranding relationships in e-commerce, retail, and mass transit as well as in lifestyle segments.

The risk and underwriting policies are constantly reviewed to maintain healthy portfolio quality through analytics driven infrastructure to monitor and intervene with actions to minimise credit risks. The Company has leveraged credit bureaus to enhance decisioning capability.

The business fundamentals of the Company are robust and strong with it delivering profits each year.

Board's Report

Dear Members,

Your Directors are pleased to present the Twenty Second (22nd) Annual Report along with the Audited Annual Accounts of your Company for the financial year ended March 31, 2020.

Financial Summary, State of Company's Affairs and Business Performance

The financial performance of the company for the financial year ended March 31, 2020 and for the previous year is summarized below:

		(₹ in lakhs)	
S.No	Particulars	2019-20	2018-19
1	Income	975,228.89	728,685.39
2	Finance Cost	130,092.71	100,935.59
3	Operating & Other Expenses	661,793.49	488,719.61
4	Depreciation and Amortization	10,379.83	5,521.84
5	Profit /(Loss) Before Tax	172,962.86	133,508.35
6	Tax	48,481.33	47,011.76
7	Profit /(Loss) After Tax	124,481.53	86,496.59
10	Add: Opening surplus in statement of profit and loss	172,664.75	113,887.73
11	Add: Transfer from other comprehensive income	(299.98)	(326.70)
12	Less: Transfer to Statutory Reserve	24,896.31	17,299.32
13	Less: Interim equity dividend (amount ₹ 1 per share)	-	(8,372.62)
14	Less: Tax on Interim equity dividend	-	(1720.93)
15	Balance of P&L Account C/F to Balance Sheet	271,949.99	172,664.75

The COVID-19 global pandemic has given rise to unprecedented challenges in the economic situation. The Government of India mandated a nation-wide "Lockdown" from March 25, 2020. To ease the financial burden, the RBI allowed institutions to extend a payment moratorium to the customers. SBI Card complied with RBI guidelines on the same. Considering the possible effects from the pandemic relating to COVID-19, Company performed sensitivity analysis and based on its estimates have created specific COVID-19 related provision of ₹ 489 crores.

The company has delivered an impressive business performance in FY20 with Profit after Tax of ₹ 1,245 crores at 44% YoY growth. Excluding COVID-19 impact, PAT for FY20 would have been at ₹ 1,662 crores at 92% YoY growth.

In FY20, SBI Card base reached milestone of 10 MM cards in force in Dec'19, and has witnessed a growth of **28%** and was at **10.54 MM** as on March 31, 2020 compared to 8.27 MM as on March 31, 2019. Growth in card base was enabled by **20% YOY** growth in new accounts. The spends has recorded YOY growth of **27%**. The substantial growth in spends has been achieved through continuous focus on product

development & corporate segment, marketing tie-ups, use of digital & data analytics and significant number of campaigns. Total spends on the Company's portfolio for FY20 stood at ₹ **136,256 crores** compared to ₹ 107,350 crores for FY19. Strong performance in cards and spends growth has enabled the company to grow its receivables by **30% YOY**.

The Company has wide range of credit cards catering to diverse customer segments and changing customer needs. It is the Company's endeavor to continually review and improve its products and enrich value propositions on its cards to offer the best in class to its cardholders. During the year, the Company has launched new products; Landmark, Vistara, OLA.

The detailed business and financial performance is covered in the Management & Discussions Analysis section of the Annual Report.

Report on Performance of Subsidiaries, Associates and Joint Venture Companies

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

Material Changes and Commitments During the Year Under Review

During the year under review the Company amended its Articles of Association w.e.f. April 5, 2019.

In FY20, in line with Hon'ble NCLT order dated June 04, 2019, erstwhile SBI Business Process Management Services Pvt. Ltd (SBIBPMSL) amalgamated with SBI Cards and Payment Services Limited (SBI Card) from the appointed date i.e. April 1, 2018. Pursuant to the said Amalgamation the Company allotted 9,51,12,054 fully paid equity shares of ₹ 10 each to the shareholders of erstwhile SBIBPMSL.

Pursuant to amalgamation of erstwhile SBI Business Process Management Services Private Limited with SBI Card, Clause III of the Memorandum of Association of the Company was amended to include the main objects of erstwhile SBI Business Process Management Services Private Limited. Also, Clause V of MOA was amended reflecting increase in Authorized Share Capital of the Company to ₹ 1050 crores.

Post amalgamation, the Company has the right to carry on the business of erstwhile SBIBPMSL subject to necessary approvals. There has been no change in the nature of business during the year under review.

Further, the Company was converted from Private Limited to Public Limited and Registrar of Companies issued fresh certificate of incorporation dated August 20, 2019 and consequently the name of the Company changed from SBI Cards and Payment Services Private Limited to SBI Cards and Payment Services Limited.

Necessary amendments were made in MOA & AOA w.e.f. August 2, 2019 to reflect the conversion of Company from Private Limited to Public Limited and consequent change in the name of Company from SBI Cards and Payment Services Pvt. Ltd. to SBI Cards and Payment Services Limited by deletion of the word "PRIVATE" before the word "LIMITED".

Authorized Share Capital of the Company was increased to ₹ 1,500 crores with effect from August 2, 2019 leading to consequent amendment in Clause V of MOA.

During the year ended March 31, 2020, the Company had made an Initial Public Offering (IPO), of 137,149,314 equity shares of ₹ 10 each at a price of ₹ 755 per share (including a Share Premium of ₹ 745), comprising of a fresh issue of 6,622,516 equity shares and an offer for sale of 130,526,798 equity shares by selling shareholders.

The above offer included a reservation of 1,864,669 equity shares for subscription by eligible employees and a reservation of 13,052,680 equity shares, for subscription by SBI Shareholders. The equity shares, under employee reservation portion were offered to eligible employees at a discount of ₹ 75 per share. Post public issue, shareholding

of State Bank of India and CA Rover Holdings as on March 31, 2020 was 69.51% and 15.89% respectively.

Total Proceeds received by the Company pursuant to the IPO aggregates to ₹ 4,993,2.47 lakhs.

Pursuant to Regulation 32 (1) there was no deviation/variation in the utilization of proceeds as mentioned in the objects stated in the Prospectus dated March 6, 2020, in respect of the Initial Public Offering of the Company.

The shares of the Company have been listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) w.e.f. March 16, 2020. Further, as on March 31, 2020, total proceeds received by the Company pursuant to the IPO had been fully utilized.

Further, w.e.f. November 23, 2019 Company adopted new set of articles in total exclusion and substitution of the existing articles of the Company in order to align the same with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Stock Exchange requirements.

Material Changes and Commitments Between the end of Financial Year Under Review and the Date of the Report

Mr. Hardayal Prasad, erstwhile Managing Director and Chief Executive Officer of the Company resigned from the directorship and CEO Position with effect from close of business hours of July 31, 2020. Mr. Ashwini Kumar Tewari was appointed as the Managing Director and Chief Executive Officer of the Company with effect from August 1, 2020, subject to all the requisite approvals including the approval of shareholders of the Company at the ensuing Annual General Meeting.

Management's Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review, as stipulated under the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, updated as on February 17, 2020 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of the Annual Report.

Dividend

In this fiscal, the company has achieved net profit of ₹ 124,481.53 lakhs. In view of the commendable financial performance of the company, your Directors have declared an interim dividend of ₹ 1.00 (i.e. 10%) per equity share (last year ₹ 1 per equity share) for the financial year ended March 31, 2020, amounting to ₹ 9389.57 lakhs. The dividend payout is in accordance with the Dividend Policy of the Company. The said Interim Dividend is being put up to the shareholders in the Annual General Meeting for confirmation. No further dividend is being declared this year.

The company has delivered an impressive business performance in FY20 with Profit after Tax of

₹1,245 crores
at 44% YoY growth.

Dividend Distribution Policy

In terms of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Dividend Policy of the Company has been appended herewith as **Annexure 1** and is available on Company's website at www.sbicard.com.

Reserves

During the year ended March 31, 2020, the Company appropriated ₹ 24,896.31 lakhs towards the Statutory Reserves (₹ 17,299.32 lakhs in FY19) in accordance with Section 45-IC of the Reserve Bank of India Act, 1934.

Status of other reserves and shares pending allotment (stated as other equity in financial statements) as on March 31, 2020 is as follows:

(Figure in Rupees lakhs)

Other Equity		
Particulars	2019-20	2018-19
Capital Redemption Reserve	339.90	339.90
General Reserve	1,299.39	1,299.39
Statutory Reserves	81,495.77	56,599.46
Capital Reserve (on account of amalgamation)	(7,151.10)	(7,151.10)
Securities Premium Reserve	90,474.23	41,777.78
Cash Flow hedging reserve	-	14.16
Retained Earnings	271,949.99	172,664.75
Shares pending allotment pursuant to scheme of amalgamation	-	9,511.21
Share Options outstanding account	1,818.29	-
Total	440,226.47	275,055.55

Particulars of Contracts or Arrangements Made with Related Parties

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 and in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in the

prescribed Form AOC-2, is appended as **Annexure 2** to the Board's Report.

Further, During the year under review, the Board of Directors amended the Policy on Related Party Transactions in line with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the said policy has been uploaded on the website of the Company and can be accessed at www.sbicard.com.

Pursuant to the provisions of Regulation 23 (4) of Listing Regulations, approval of the Members was obtained through Postal Ballot for material related party transaction(s) with State Bank of India (Holding Company) and SBI Capital Markets Limited (Fellow Subsidiary).

Capital Adequacy

As per the Reserve Bank of India norms applicable for NBFC, the company is required to keep a Capital Adequacy Ratio (CAR) of 15%. Company's CAR is well above the regulatory requirement at 22.43% with 17.70% as Tier 1 Capital, as of March 31, 2020

Debentures

Issue of Debentures

During FY20, your Company has raised money by issue and allotment of following debentures:

- Raised ₹ 175 crores by issue and allotment of 1750 Fixed Rate, Unsecured, Rated, Taxable, Redeemable, Senior, Listed Non-Convertible Debentures of ₹ 10,00,000/- each.
- Raised ₹ 100 crores by issue and allotment of 1000 Fixed Rate, Unsecured, Rated, Taxable, Redeemable, Subordinate Tier II Listed Non-Convertible Debentures of ₹ 10,00,000/- each.
- Raised ₹ 410 crores by issue and allotment of 4100 Fixed Rate, Unsecured, Rated, Taxable, Redeemable, Senior, Listed Non-Convertible Debentures of ₹ 10,00,000/- each.
- Raised ₹ 300 crores by issue and allotment of 3000 Fixed Rate, Unsecured, Rated, Taxable, Redeemable, Senior, Listed Non-Convertible Debentures of ₹ 10,00,000/- each.
- Raised ₹ 300 crores by issue and allotment of 3000 Fixed Rate, Unsecured, Rated, Taxable, Redeemable, Senior, Listed Non-Convertible Debentures of ₹ 10,00,000/- each.

Redemption of Debentures

During FY20, Series 4, 500 Unsecured Non-Convertible Debentures of ₹ 10,00,000/- each were duly redeemed on due date.

Particulars of Loans, Guarantees or Investments Under Section 186 of Companies Act, 2013

The Company, being a non-banking financial company registered with the RBI and engaged in the business of issuing credit cards, is exempt from complying with certain provisions of section 186 of the Companies Act, 2013. Other necessary details as required under the Section 186 of the Companies Act, 2013 are furnished in the financial statements of the Company.

Directors and Key Managerial Personnel

Composition of the Board of Directors is in terms of the Companies Act, 2013, the RBI Directions and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Board consists of Ten Directors namely Mr. Rajnish Kumar, Chairman, Non-Executive Director (Nominee of SBI); Mr. Dinesh Kumar Khara, Non-Executive Director (Nominee of SBI); Mr. Ashwini Kumar Tewari, Managing Director & CEO (Nominee of SBI); Mr. Devendra Kumar, Non-Executive Director (Nominee of SBI); Mr. Sunil Kaul, Non-Executive Director (Nominee of CA Rover Holdings); Dr. Tejendra Mohan Bhasin, Independent Director; Mr. Rajendra Kumar Saraf, Independent Director; Mr. Nilesh Shivji Vikamsey, Independent Director; Mr. Dinesh Kumar Mehrotra, Independent Director; Ms. Anuradha Shripad Nadkarni, Independent Director; as on the date of the Report.

During the year under review Dr. Tejendra Mohan Bhasin was appointed as an Independent director w.e.f. June 28, 2019. Mr. Nilesh Shivji Vikamsey and Mr. Rajendra Kumar Saraf were appointed as Independent directors w.e.f. August 14, 2019. Mr. Dinesh Kumar Mehrotra and Ms. Anuradha Shripad Nadkarni were appointed as Independent directors w.e.f. November 14, 2019.

Further, Mr. Hardayal Prasad was re-appointed as MD & CEO for a further period commencing from February 01, 2020 till December 31, 2020.

During the year under review Ms. Saraswathy Athmanathan and Mr. Ashwini Kumar Sharma resigned from the Directorship of the Company w.e.f. August 3, 2019 and August 5, 2019, respectively.

As on March 31, 2020, the Company had three Key Managerial Personnel namely Mr. Hardayal Prasad, MD and CEO, Mr. Nalin Negi, CFO and Ms. Payal Mittal Chhabra, Company Secretary. Company Secretary also act as Compliance Officer of the Company for the purposes of SEBI, Stock Exchange and other listing compliances.

Post closure of FY20, Mr. Hardayal Prasad, Managing Director & CEO resigned from the directorship and CEO Position, owing to his Voluntary retirement from the State Bank of India and Mr. Shree Prakash Singh, Non-Executive, Non-Independent Director (Nominee of SBI) resigned from

the directorship of the Company consequent upon his superannuation from the State Bank of India, w.e.f. close of business hours on July 31, 2020.

Your Directors place on record their sincere appreciation for the contribution made by Mr. Hardayal Prasad, Mr. Shree Prakash Singh, Mr. Ashwini Kumar Sharma and Ms. Saraswathy Athmanathan, during their tenure on the Board of the Company.

Mr. Ashwini Kumar Tewari was appointed as Managing Director & CEO of the Company w.e.f. August 1, 2020, subject to all the requisite approvals including the approval of shareholders of the Company at the ensuing Annual General Meeting.

Mr. Devendra Kumar has been appointed as Non-Executive Director (Nominee of SBI) of the Company w.e.f. August 21, 2020.

Mr. Sunil Kaul, Non-executive Director, retires by rotation and, being eligible, offers himself for re-appointment at the ensuing AGM.

Corporate Social Responsibility

As a responsible corporate citizen, the Company has been undertaking and participating in the socially important projects in the fields of health and sanitation, education, livelihood and skill enhancement, old age home/orphanage and gender equality. ensuring environmental sustainability and ecological balance, etc. The Company has also framed a CSR policy in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

The contents of the CSR policy are disclosed on the website of the Company at www.sbicard.com. The annual report on the CSR activities undertaken by the Company during the financial year under review, in the prescribed format has been appended herewith as **Annexure 3**.

Policy on Appointment and Remuneration of Directors

Company follows the fit and proper criteria as laid down by RBI Directions and the Nomination and Remuneration Policy of the Company framed under Section 178(2) and (3) of the Companies Act, 2013 and RBI Circular/Directions for appointment of Directors. Nomination and Remuneration Committee of the Board recommends for appointment of a Director based on the fit and proper criteria Policy and Nomination and Remuneration Policy of the Company. Further, the Nomination and Remuneration Committee is responsible to ensure 'fit and proper' status of proposed/existing directors. The Nomination and Remuneration Policy of the Company along with the changes made therein is available on the website of the Company www.sbicard.com.

Apart from receiving sitting fees for attending Board and Committee meetings by the eligible Non-executive Directors of the Company and credit card transactions in the ordinary course of business, there are no pecuniary relationship of the Non-executive Directors with the Company.

Closing Balance as on March 31, 2020 of the credit cards issued to Directors of the Company was ₹ 16.98 lakhs/-.

Declaration of Independence by Independent Directors

Dr. Tejendra Mohan Bhasin, Mr. Rajendra Kumar Saraf, Mr. Nilesh Shivji Vikamsey, Mr. Dinesh Kumar Mehrotra and Ms. Anuradha Shripad Nadkarni Independent Directors on the Board of SBI Cards and Payment Services Limited have given declaration that they fulfill the criteria of independence specified in Section 149 of the Companies Act, 2013 and Regulation 25(8) of the SEBI (LODR) Regulations, 2015, the same has been relied upon by the Company.

Auditors and Comments on Auditors Report

During the year under review, the office of the Comptroller and Auditor General of India (hereinafter referred to as "CAG") exercising the power conferred under section 139 of the Companies Act, 2013, appointed M/s. S. Ramanand Aiyar & Co., Chartered Accountants (Registration No. 000990N), as the Statutory Auditor of the Company for FY20. Statutory Audit was duly done by the referred firm. Also, Supplementary Audit of the Company was conducted by Principal Director of Audit (Energy) on behalf of CAG in accordance with Section 143 of the Companies Act, 2013.

There are no qualifications, reservations or adverse remarks or disclaimers made by Statutory Auditor and CAG in their reports.

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

Further, M/s. S. Ramanand Aiyar & CO., Chartered Accountants (Registration No. 000990N) have been appointed by the Comptroller and Auditor General of India as the Statutory Auditors for FY21.

Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors appointed M/s. Chandrasekaran Associates, Company Secretaries, as the Secretarial Auditor of the Company to carry out secretarial audit for FY20. The Secretarial Audit Report obtained from M/s. Chandrasekaran Associates, Company Secretaries is enclosed with this report as **Annexure 4**. The Secretarial Audit Report does not contain any qualification or reservations or adverse remarks.

Instances of Fraud, If Any, Reported by the Auditors

During the year under review, the Statutory Auditors have not reported any incident of fraud to the Audit Committee.

Fraud Reporting

Certain instances of customer frauds on the Company, primarily relating to fraudulent usage of credit cards issued by the Company, have been reported during FY20.

The total amount involved in these frauds was ₹ 390.12 lakhs and the recovery against this amount (pertaining to current year as well as the previous years) was ₹ 386.60 lakhs.

Secretarial Standards

The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) related to the Board Meetings and General Meetings have been complied with by your Company.

Conservation of Energy, Technology Absorption

While the business activity of the Company does not result in any material consumption of energy, still the Company is committed to continue its efforts towards the conservation of energy. Energy conservation and technology updation are a part of the ongoing processes in your Company. Management's Discussion and Analysis Report section covers the Technology aspect of the Business in Detail.

Foreign Exchange Earnings and Outgo

During FY20, the Company incurred foreign currency expense of an amount of ₹ 48,323.84 lakhs on network, other service charges and other expenses (FY19: ₹ 37,827.50 lakhs).

The dividend remitted for FY20 in foreign currency was Nil (FY19: ₹ NIL).

The foreign exchange earnings during FY20 were ₹ 38,517.17 (in lakhs) (FY19: ₹ 27,583.83 lakhs).

Internal Financial Controls

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

Also, the company has an internal audit system commensurate with the size of the company and periodic audits of the internal functions and processes of the company are ensured. During the year under review, no

material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls.

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

Company is in compliance with necessary FEMA provisions on downstream investment and has obtained certificate from Statutory Auditor in this regard.

Disclosure of Orders Passed by Regulators or Courts or Tribunal

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

Risk Management at SBI Card

Company has in place a robust and comprehensive Risk Management framework enumerating risk based decision making and risk management processes encompassing existing risks, new risks that may have arisen, the likelihood and impact of risks and reporting significant changes adjusting to the risk priorities. Management's Discussion and Analysis Report section covers this aspect of the Business in detail.

Particulars of Employees

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

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of

Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure 6**.

Public Deposits

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

Statement Regarding Opinion of the Board with Regard to Integrity, Expertise and Experience (Including The Proficiency) of the Independent Directors Appointed During the Year

In the opinion of Board of Directors of the Company, Independent Directors on the Board of Company hold highest standards of integrity and are highly qualified, recognized and respected individuals in their respective fields. Its an optimum mix of expertise (including financial expertise), leadership and professionalism.

Employee Stock Option Scheme

Pursuant to the recommendation of the Board of Directors in their Meeting held on January 16, 2019, the Shareholders at the Extra-ordinary General Meeting held on February 22, 2019 had approved the SBI Cards - Employees Stock Option Plan - 2019. Post- IPO of the Company, SBI Cards - Employees Stock Option Scheme - 2019 was ratified by the Shareholders through postal Ballot on June 17, 2020.

The objective of employee stock option plan is to reward employees to align individual performance with Company objectives and drive share-holders' value creation, create a culture of ownership among the executives, works towards successful Initial Public offering and employees to enhance their commitment to organization, motivate management to collaborate and attract and retain key talent, critical to organizations' success. The Scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The brief details of the Employees Stock Option Scheme are detailed as below:-

(a) Total Options granted till March 31, 2020	13,343,700
Total Options granted till the date of report	13,475,650
(b) Options vested;	Nil
(c) Options exercised;	Nil
(d) The total number of shares arising as a result of exercise of option;	13,475,650
(e) Options lapsed;	-
(f) The exercise price;	₹ 152.10 per equity share
(g) Variation of terms of options;	NA
(h) Money realized by exercise of options;	Nil
(i) Total number of options in force;	13,475,650
(j) Employee wise details of options granted to:-	
(i) Key managerial personnel;	
Mr. Nalin Negi	2,50,000
Ms. Payal Mittal Chhabra	1,42,500
(ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	Nil
(iii) Identified employee who was granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil

The Company has granted 131950 performance-based options to eligible employees effective grant date being June 17, 2020 post listing of shares on stock exchange pursuant to IPO.

Following is the amended clause 9.7 of the Scheme effective from September 17, 2019:-

“The Goodwill Options shall vest upon completion of 12 months from the Grant Date or 180 days after the date of listing of the shares of the Company, whichever is later, subject to all Eligible Employees/ Participant being on the rolls of the Company at such time.”

Company is using fair value method to value its options. The detailed disclosures pursuant to the SEBI (Share Based Employee Benefits) Regulations, 2014, have been placed on website of the Company i.e. www.sbicard.com.

Directors' Responsibility Statement

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

- in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Extract of Annual Return

Extract of Annual Return in Form MGT-9 is appended as **Annexure 7** to this Report and is also placed on the website of the Company at www.sbicard.com

Business Responsibility Reporting

The Business Responsibility Report as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 describing the initiatives taken by Company from environmental, social and governance perspective, has been appended herewith as **Annexure 8** and is also displayed on the Website of the Company i.e. www.sbicard.com.

CEO/CFO Certification

As required under Regulation 17(8) of the SEBI Listing Regulations, the CEO and CFO of the Company have certified the accuracy of the Financial Statements, the Cash Flow Statement and adequacy of Internal Control Systems for financial reporting for the year ended March 31, 2020.

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

The Code of Conduct of the Company aims at ensuring consistent standards of conduct and ethical business practices across the Company. This Code is reviewed on an annual basis and the latest Code is available on the website of the Company (www.sbicard.com). Pursuant to Listing Regulations, a confirmation from the Managing Director & CEO regarding compliance with the Code by all the Directors and senior management of the Company forms part of the Annual Report.

Corporate Governance Including Details Pertaining to Board Meetings, Performance Evaluation, Committee Details, Vigil Mechanism, Credit Rating, etc.

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

Your Company is committed to ensure fair and ethical business practices, transparent disclosures and reporting. The focus of the Company is on statutory compliance, regulations and guidelines and ethical conduct of business throughout the organization with primary objective of enhancing stakeholder's value while being a responsible corporate citizen. In Compliance with SEBI (LODR) Regulations, 2015 a Report on Corporate Governance along with Certificate from Auditors regarding compliance of conditions of Corporate Governance has been appended herewith as **Annexure 9** and forms part of this Annual Report.

Further the Corporate Governance Report which forms part of this Report also covers the following:

- (a) Particulars of the Board Meetings held during the financial year under review.
- (b) The details with respect to composition of the Committees of the Board and establishment of Vigil Mechanism.
- (c) The manner in which formal annual evaluation of the performance of the Board, its Committees and of individual directors has been made.
- (d) Compliance with provisions under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- (e) The credit ratings of the company as at the end of March 31, 2020
- (f) Name of the debenture trustees with full contact details

Acknowledgement

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

For and on behalf of the Board

Date: August 21, 2020
Place: Mumbai

Rajnish Kumar
Chairman
DIN: 05328267

Dividend Policy

Background of the Company:

SBI Cards and Payment Services 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 is engaged in issuing credit cards to consumers in India.

Purpose of the Policy:

The purpose of this policy is to describe the factors, timing and amount to be considered for Interim and Final dividend. Dividends are declared at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may recommend dividends, at its discretion, to be paid to shareholder. The Board may also declare interim dividends.

Factors to be Considered Before Declaring Dividend:

a. Internal Factors:

The Board shall consider the below mentioned financial parameters for the purpose of recommendation/declaration of dividend:

- i. Regulatory capital requirement projected for next two fiscals as per latest business plan
- ii. Future capital expenditure plans
- iii. Profits earned during the financial year
- iv. Cost of raising funds from alternate sources
- v. Cash flow position
- vi. Applicable taxes including tax on dividend.

b. External Factors:

The Board shall also consider the below mentioned external factors at the time of taking a decision w.r.t recommendation/declaration of dividend:

- i. Applicable laws and Regulations including taxation laws.
- ii. Economic conditions
- iii. Prevalent market practices

Circumstances Under which the Shareholders of the Company may or may not Expect Dividend:

The decision to recommend/declare the dividend by the Board of Directors shall primarily depend on the factors listed

out above. However, the shareholders of the Company may not expect dividend in the below mentioned circumstances:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cash flow available for distribution
- iv. In the event of inadequacy or absence of profits.
- v. Under any other circumstances as may be specified by the Companies Act, 2013 or any other applicable regulatory provisions or as may be specified under any contractual obligation entered into with the lenders

Manner of Utilization of Retained Earnings:

The Board of Directors of the Company may recommend/declare dividend out of the profits of the Company or out of the profits for any previous year or years or out of free reserves available for distribution of dividend, as per the regulatory provisions after consideration of the factors as stated above. The Company shall ensure compliance with the requirements in this respect as laid down under the provisions of Section 123 of the Act and other applicable laws.

Other Factors to be Considered with Regard to Various Classes of Shares:

Since the company has only one class of equity shareholders, the dividend declared will be distributed equally among all the Shareholders, based on their shareholding on the record date.

Timing and Amount of Dividend (Interim & Final): Board may:

- a. Declare Interim Dividend based on review of profits earned during the current year.
- b. Recommend final dividend to shareholders for their approval based on review of profits arrived at as per audited financial statements.

The declaration of dividend will be after transferring twenty percent of its net profit as disclosed in the profit and loss account to statutory reserve as per Section 45 IC of RBI Act and other necessary statutory compliances.

The board may decide upon the amount of dividend (interim/final), however the projected CRAR & TIER I (calculated as per RBI guidelines) for next two fiscals post payout effect should at-least be 17% and 11% respectively.

Statutory Requirements:

The Company shall comply with statutory requirements relating to declaration and payment of dividend. The dividend declaration/payout shall be within the specific and general prudential limits fixed by RBI and in conformity with the provisions of the NBFC guidelines, Companies Act 2013 and other applicable laws and guidelines that are issued

by the regulators like Reserve Bank of India, Securities Exchange Board of India or any other such body from time to time and Article of Association of the company.

Policy Review:

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

Form No. AOC-2

(Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

Sl. no	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions	Transaction value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
Not Applicable									

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

Sl. No	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including Transaction value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any (in ₹)
1	State Bank of India, Holding Company	<ul style="list-style-type: none"> • Finance charges • Advertisement sales promotion (incentives) & Collection • Cost allocations • Borrowings • Fixed Deposit (including Interest) • Fees & Commission, Bank charges • Royalty Expenses • Loans & Advances • Contribution to Other Fund – NPS • IPO Exp (One Time) 	Ongoing	<p>All the transactions are in ordinary course of business and are at arms' length.</p> <p>(The value of transactions are disclosed in notes to accounts)</p>	Not Applicable as the Transactions are entered in the Ordinary Course of Business and at arms' length.	20,00,000/-
2	SBI Capital Markets limited, Fellow Subsidiary	<ul style="list-style-type: none"> • Finance charges • Borrowings • IPO Exp. (One Time) • Loans & Advances 	Ongoing	<p>All the transactions are in ordinary course of business and are at arms' length.</p> <p>(The value of transactions are disclosed in notes to accounts)</p>	Not Applicable as the Transactions are entered in the Ordinary Course of Business and at arms' length.	Nil

Note: IPO expenses related to the selling shareholders have not been considered as Related Party Transactions as they are not expense of the Company and the same are borne by the Selling Shareholders. The above disclosures on material transactions are based on threshold prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

For and on behalf of the Board

Rajnish Kumar
Chairman
DIN: 05328267

Date: August 21, 2020
Place: Mumbai

Annual Report on CSR activities (SBICPSL) for FY20

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

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

The vision of the Company is to empower the community through education, skills and access to quality health and sanitation facilities.

The Organization has outlined the following key focused area for CSR activities: -

- (i) Livelihood and Skill Enhancement
- (ii) Education
- (iii) Health and Sanitation
- (iv) Old age homes/orphanage and gender equality
- (v) Protection of National heritage, art and culture
- (vi) Ensuring environmental sustainability
- (vii) Government Funds and Initiatives

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

2. The Composition of the CSR Committee as on March 31, 2020:

Following are the members of SBICPSL CSR Committee:

- a) Mr. Hardayal Prasad
- b) Mr. S.P Singh
- c) Mr. Sunil Kaul
- d) Mr. R K Saraf

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

Average net profit of the company for the last three years is ₹ 99,592.06/- lakhs

Financial Year	Net Profit (₹ in lakhs)
2016-17	61,591.89
2017-18	82,439.54
2018-19	154,744.77
Total for the last 3 years	298,776.20
Average	99,592.06

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

The prescribed CSR expenditure for FY20 was ₹ **1,991.84/-** lakhs (2% of net after profit ₹ **99,592.06/-** lakhs).

5. Details of CSR spent during the financial year:

- (a) Total amount to be spent for the financial year: ₹ **1,991.84/-** lakhs
- (b) Amount unspent, if any: **NIL**

(c) Manner in which the amount spent during the financial year is detailed below

S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the State and District where projects or programme was undertaken	Amount outlay (budget) project or programme wise (₹ in lakhs)	Amount spent on the projects or programme Sub-heads: (1) Direct expenditure on projects or programme (2) Overheads (₹ in lakhs)	Cumulative expenditure of up to the reporting period (Post Amalgamation) (₹ in lakhs)	Amount spent: Direct or through implementing agency*
1	Support 6 family-based care homes	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	Faridabad (Haryana) and North West Delhi (Delhi)	96.19	1. Direct expenditure: 96.19 2. Overheads: NIL	163.75 (FY19: 67.55 & FY20: 96.19)	Agency (SOS Children's Villages India)
2	Support stay and care of elderly	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	South East Delhi (Delhi)	75.00	1. Direct expenditure: 75.00 2. Overheads: NIL	150.00 (FY19: 75.00 & FY20: 75.00)	Agency (Saint Hardayal Educational & Orphans Welfare Society)
3	Supporting mobile primary healthcare units providing doorstep delivery of medical facilities to underprivileged	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water	South West Delhi (Delhi), Gurugram (Haryana), Chennai (Tamil Nadu) and Agra (Uttar Pradesh)	129.83	1. Direct expenditure: 129.83 2. Overheads: NIL	283.39 (FY19: 153.56 & FY20: 29.83)	Agency (Smile Foundation)
4	Primary Comprehensive eye screening services	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water	Gurgaon (Haryana)	8.30	1. Direct expenditure: 8.30 2. Overheads: NIL	27.44 (FY19: 19.14 & FY20: 8.30)	Agency (Arunodaya Charitable Trust)

S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the State and District where projects or programme was undertaken	Amount outlay (budget) project or programme wise (₹ in lakhs)	Amount spent on the projects or programme Sub-heads: (1) Direct expenditure on projects or programme (2) Overheads (₹ in lakhs)	Cumulative expenditure of up to the reporting period (Post Amalgamation) (₹ in lakhs)	Amount spent: Direct or through implementing agency*
5	Mobile Digital Classes for Rural Youth	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Amroha and Mathura (Uttar Pradesh), Mehbubnagar (Telangana), Bengaluru Rural (Karnataka) and Thanjavur (Tamil Nadu)	134.32	1. Direct expenditure: 134.32 2. Overheads: NIL	143.66 (FY19: 9.34 & FY20: 134.32)	Agency (Ekal Gramathan Foundation)
6	Rain harvesting project in 10 Government schools of Gurugram district	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water; including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga	Gurugram (Haryana)	41.29	1. Direct expenditure: 41.29 2. Overheads: NIL	41.29	Agency (Plan International (India Chapter))
7	Support vocational training of 2,480 youth across locations in chosen job roles pertaining to Leather Industry, BPO and BFSI	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Delhi, Agra and Lucknow (Uttar Pradesh), Hyderabad (Telangana), Chennai, Coimbatore and Trichy (Tamil Nadu), Bangalore and Mangalore (Karnataka), Aurangabad, Mumbai, Nagpur and Pune (Maharashtra), Kolkata (West Bengal), Ahmedabad and Surat (Gujarat), Bhubaneswar (Odisha), Jaipur (Rajasthan), Vizag and Vijayawada (Andhra Pradesh), Bhopal and Indore (Madhya Pradesh), Patna (Bihar), Guwahati (Assam), Raipur (Chhattisgarh) and Chandigarh	402.53	1. Direct expenditure: 322.02 2. Overheads: NIL	329.47 (FY19: 7.45 & FY20: 322.02)	Agency (National Skilled Development Corporation)

S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the State and District where projects or programme was undertaken	Amount outlay (budget) project or programme wise (₹ in lakhs)	Amount spent on the projects or programme Sub-heads: (1) Direct expenditure on projects or programme (2) Overheads (₹ in lakhs)	Cumulative expenditure of up to the reporting period (Post Amalgamation) (₹ in lakhs)	Amount spent: Direct or through implementing agency*
8	Palliative care services to terminal cancer patients and non-cancer patients with life limiting diseases residing at the Sparsh Hospice facility.	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water	Hyderabad (Telangana)	54.00	1. Direct expenditure: 54.00 2. Overheads: NIL	108.00 (FY19: 54.00 & FY20: 54.00)	Agency (Rotary Club of Banjara Hills)
9	Support to AI Lab in IISc Bangalore	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Bangalore (Karnataka)	131.19	1. Direct expenditure: 131.19 2. Overheads: NIL	131.19	Agency (Indian Institute of Science, Bangalore)
10	Hospital wards and medical equipment support	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water	Jaipur (Rajasthan)	199.18	1. Direct expenditure: 179.50 2. Overheads: NIL	179.50	Agency (Rajasthan Medicare Relief Society Mother and Child Helath Institute jpr)
11	Supporting the sponsorship for education and vocational Training for students at Vidyapeeth school	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Gurugram (Haryana)	53.23	1. Direct expenditure: 53.23 2. Overheads: NIL	86.89 (FY19: 33.65 & FY20: 53.23)	Agency (Literacy India)
12	United way Delhi PORTA building block - phase 2	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water	North East Delhi, South Delhi, East Delhi, South West Delhi (Delhi) and Gurugram (Haryana)	56.19	1. Direct expenditure: 56.19 2. Overheads: NIL	243.48 (FY19: 187.29 & FY20: 56.19)	Agency (United Way of Delhi)

S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the State and District where projects or programme was undertaken	Amount outlay (budget) project or programme wise (₹ in lakhs)	Amount spent on the projects or programme Sub-heads: (1) Direct expenditure on projects or programme (2) Overheads (₹ in lakhs)	Cumulative expenditure of up to the reporting period (Post Amalgamation) (₹ in lakhs)	Amount spent: Direct or through implementing agency*
13	Corpus funding to SBI Foundation for CSR initiative	Rural Development, Ensuring Environmental sustainability and ecological balance and Old Age Homes/ orphanage and gender equality	PAN India	350.00	1. Direct expenditure: 203.65 2. Overheads: NIL	278.65 (FY19: 75.00 & FY20: 203.65)	Agency (SBI Foundation)
14	Mid-Day Meal Support Program	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water	Mathura and Lucknow (Uttar Pradesh)	507.23	1. Direct expenditure: 507.23 2. Overheads: NIL	1135.34 (FY19: 628.11 & FY20: 07.23)	Agency (The Akshayapatra Foundation)
Total						1991.95	

SOS Children's Villages India

SOS India, non-governmental and non-profit organization works for the holistic development of parentless children, women and children belonging to vulnerable families. Founded in 1949 in Austria, SOS Children's Villages began its operations in India in 1964. SOS India primarily works with children and under privileged communities

Saint Hardayal Educational & Orphans Welfare Society

Saint Hardayal Educational and Orphans Welfare Society (SHEOWS) was registered as Society under Societies Registration Act of 1860 in 1994, since then SHEOWS is providing free shelter, food, cloth, medical care, love and affection to the destitute and abandoned elderly residing in their Centre.

Smile Foundation

Smile Foundation is a non-governmental organization based in New Delhi, India. It was established in 2002 with an objective to empower underprivileged children, youth and women through relevant education, innovative healthcare and market-focused livelihood programmes.

Arunodaya Charitable Trust

Arunodaya Charitable Trust (ACT), located in Delhi NCR, India was founded in 1990, and is a registered, non-

profit, public, non-denominational, medical, welfare trust that works in the field of curable blindness.

Ekal Gramothan Foundation

Ekal Gramothan Foundation (EGF) is a non-profit organisation registered as Trust under the aegis of Ekal Abhiyan, offers to provide a unique solution to the problem and aims for integrated and holistic development of rural and tribal India.

Plan International (India Chapter)

Plan India is a nationally registered not for profit organization. Since 1979, Plan India along with its partner is working on improving the lives of children and young people by enabling them access to protection, education, healthcare, healthy environment, livelihood opportunities & participation in decision making.

National Skilled Development Corporation

National Skill Development Corporation (NSDC) is a not-for-profit public limited company incorporated on July 31, 2008 under section 25 of the Companies Act, 1956 (corresponding to section 8 of the Companies Act, 2013). NSDC was set up by Ministry of Finance as Public Private Partnership (PPP) model. NSDC aims to promote skill development by catalyzing creation of large, quality and for-profit vocational institutions.

Rotary Club of Banjara Hills

Sparsh Hospice established in September 2011 is an initiative of Rotary Club of Banjara Hills under a separately constituted Trust named as Rotary Club of Banjara Hills Charitable Trust. Sparsh Hospice is a Centre for Palliative Care for terminally ill cancer patients.

Rajasthan Medicare Relief Society Mother and Child Health Institute jpr

It is a society created by Government of Rajasthan with an aim to provide various diagnostic & treatment facilities on nominal cost to general patients and free of cost to very poor (B.P.L) and dependent patients.

Literacy India

Literacy India was registered in 1996 as a non-profit Organization with the objective of educating under privileged women and children, and empowering them to become self-reliant and employable.

United Way of Delhi

United Way Delhi is an independent local not for profit organization affiliated to the United Way Worldwide Family. United Way Delhi (UWD) since 2008, is working actively to advance the 'common good' for local community through innovative interventions and partnerships.

SBI Foundation

SBI Foundation is a non-profit subsidiary of State Bank of India and has been launched to undertake CSR activities of the SBI Group. SBI Foundation aims to be the leading institution for promoting growth

and equality, responsive to the relevant needs of communities around its area of operation.

The Akshayapatra Foundation

The Akshaya Patra Foundation is an NGO in India headquartered in Bengaluru. Since 2000, Akshaya Patra has been concerting all its efforts towards providing fresh and nutritious meals to children on every single school day.

Indian Institute of Science, Bangalore

IISc is a centrally funded Technical Institution, a Deemed University and an autonomous body funded by Ministry of Human Resource Development, Government of India.

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

The Organisation has spent the amount stipulated for FY20.

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

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

For and on behalf of the Board

Ashwini Kumar Tewari

MD & CEO
DIN: 08797991

Rajendra Kumar Saraf

Chairman CSR Committee
DIN: 02730755

Rajnish Kumar

Chairman
DIN: 05328267

Secretarial Audit Report

For the Financial Year Ended March 31, 2020

To,
The Members,
SBI CARDS AND PAYMENT SERVICES LIMITED
(Formerly known as SBI Cards and Payment Services Private Limited)
Unit 401 & 402, 4th Floor, Aggarwal Millennium
Tower E 1, 2, 3, Netaji Subhash Place,
Wazirpur New Delhi-110034

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by SBI Cards And Payment Services Limited (Formerly known as SBI Cards and Payment Services Private Limited) (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the "Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; Applicable w.e.f March 16, 2020*
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Applicable w.e.f March 16, 2020*
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Applicable w.e.f March 16, 2020*
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Applicable w.e.f March 16, 2020*
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable during the period under review.
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable during the period under review.

**During the period under review, compliances of the regulations enumerated in clause (iii) and sub clauses (a), (c) and (d) of clause (v) mentioned above were required to comply by the company with effect from March 16, 2020. Since the Equity Shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited w.e.f March 16, 2020, vide their listing and trading approval dated March 13, 2020.*

(vi) The Management has confirmed and certified the following laws are being specifically applicable to the Company:

- a) Reserve Bank of India Act, 1934 and Rules made thereunder;
- b) Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015.

We have also examined compliance with the applicable clauses/ Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. However Mrs. Saraswathy Athmanathan, Woman director of the company had ceased w.e.f August 03, 2019 consequent to this cessation casual vacancy created in the office of woman Director has been filled up by the board by way of Appointment of Mrs. Anuradha Shripad Nadkarni as Woman Director of the company w.e.f November 14, 2019.

Adequate notice is given to all directors to schedule the Board/Committee Meetings, agenda and detailed notes on agenda were sent in advance (and at a shorter notice for which necessary approvals obtained, if any) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, following specific events / actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

- (i) Pursuant to members approval, during the period under review board of directors has approved the issuance and allotment of 12,850 Non-Convertible Debentures of ₹ 1,000,000 to the selected group of investors on Private Placement basis aggregating to ₹ 12,850,000,000/-.
- (ii) In line with Hon'ble NCLT order dated June 04, 2019, SBI Business Process Management Services Pvt Ltd. (SBIBPMSL) has amalgamated with SBI Cards and Payment Services Limited from the appointed date April 01, 2018.
- (iii) Pursuant to the approval of Scheme of amalgamation, Board of Directors has approved the issuance and allotment of 95,112,054 Equity Shares, of ₹ 10 each aggregating to ₹ 951,120,540/- to the Shareholders of SBI Business Process Management Services Private Limited. ("Transferor Company").
- (iv) The Company has approved the increase in overall borrowing limit from ₹ 17,500 crores to ₹ 33,000 crores in terms of Section 180(1) (c) of the Companies Act, 2013.
- (v) The Company has approved the increase in authorized share capital of the Company from ₹ 1,050,00,00,000/- divided into 105,00,00,000 equity shares of ₹ 10/- to ₹ 1500,00,00,000 divided into 150,00,00,000 of ₹ 10/- and Clause V of Memorandum of Association was also altered accordingly.
- (vi) During the quarter ended March 31, 2020, the Company had come up with an Initial Public Offering (IPO) of 137,149,314 equity shares in accordance with SEBI (Issue of Capital and Disclosure Requirements), Regulations, 2018. Wherein, 6,622,516 Equity Shares were issued through fresh Issue and 130,526,798 Equity Shares through offer for sale, such shares had

been allotted on March 12, 2020, at an Offer price of ₹ 755 per equity share (employee reservation portion at a discount of ₹ 75 per share) to the respective applicants under various categories. The Equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited (NSE Limited) with effect from March 16, 2020.

- (v) The Company has approved the increase in the limit of Investment by Foreign Portfolio investors and Non-resident Indians in the Equity shares of the Company, in accordance with Securities Exchange board of India (Issue of Capital and Disclosure requirements), Regulations, 2018 or direct purchase or acquisition from Open market under FEMA, is increased from 24% to 49% and 10% to 24% of the paid up equity share capital of the Company.

For Chandrasekaran Associates

Company Secretaries

Dr. S Chandrasekaran

Senior Partner

Membership No. F1644

Certificate of Practice No. 715

UDIN: F001644B000426871

Date: July 8, 2020

Place: Delhi

Notes:

- i. This report is to be read with our letter of even date which is annexed as Annexure-A to this report and forms an integral part of this report.
- ii. Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.
- iii. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to FY20. We are not commenting on the Statutory Compliances whose due dates are extended by Regulators from time to time due to COVID-19 or still there is time line to comply with such compliances.

Annexure - A to Secretarial Audit Report

To
The Members,
SBI CARDS AND PAYMENT SERVICES LIMITED
(Formerly known as SBI Cards and Payment Services Private Limited)
Unit 401 & 402, 4th Floor, Aggarwal Millennium
Tower E 1, 2, 3, Netaji Subhash Place,
Wazirpur New Delhi-110034

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Whenever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For Chandrasekaran Associates
Company Secretaries

Dr. S Chandrasekaran
Senior Partner

Membership No. F1644
Certificate of Practice No. 715
UDIN: F001644B000426871

Date: July 8, 2020
Place: Delhi

Particular of Employees

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

S. No.	Name of Employee	Designation and Nature of Duties	Relation with any Director/ CEO of the Company	Nature of Employment, whether contractual or otherwise and other Terms and conditions	Remuneration Annum (₹ in lakhs)	Qualification and Age	Experience (Years)	Shareholding %	Date of Commencement of Employment	Last Employment
1	Aparna Kuppuswamy	Executive Vice President & Chief Risk Officer	NA	Full Time Employee (FTE)	175.04	BSc Chem (H)+ Master of Finance and control, 49 Years	24	-	01-Apr-09	GE Money
2	Nalin Negi	Executive Vice President & Chief Financial Officer	NA	Full Time Employee (FTE)	169.96	CA+ICWA, 51 Years	26	-	01-May-12	GECSI
3	Manish Dewan	Executive Vice President & Chief Sales Officer	NA	Full Time Employee (FTE)	169.49	BE Mechanical, MBA from IIM, 52 Years	28	-	01-Oct-11	GE Capital Business Process Management Services Private Limited
4	Girish Budhiraja	Executive Vice President & Chief Product and Marketing Officer	NA	Full Time Employee (FTE)	156.73	B.Tech from Indian School Of Mines, LLB from DU, PGDBM from IIM, Bangalore, 48 Years	25	Negligible	22-Oct-12	American Express
5	Amit Batra	Executive Vice President & Head - Operations	NA	Full Time Employee (FTE)	136.06	IHM, Calcutta, 47 Years	27	-	01-Apr-08	GE
6	Vishal Singh	Executive Vice President - Head, Banca Channel	NA	Full Time Employee (FTE)	122.93	PG Diploma from Institute of Integrated Learning in Management, 43 Years	20	-	16-Nov-04	ARCUS LTD.
7	Richhpal Singh	Chief Operating Officer, SBI Card	NA	Full Time Employee (FTE)	138.04	BA, 61 Years	30+	-	11-Dec-17	JIO Payments Bank Ltd
8	Monish Vohra	Executive Vice-President & Head Customer Services	NA	Full Time Employee (FTE)	121.44	Delhi College of Engineering, FMS Delhi, 49 Years	25	-	27-Jan-14	Metlife India Insurance Co. Ltd.

S. No.	Name of Employee	Designation and Nature of Duties	Relation with any Director/CEO of the Company	Nature of Employment, whether contractual or otherwise and other Terms and conditions	Remuneration Annum (₹ in lakhs)	Qualification and Age	Experience (Years)	Shareholding %	Date of Commencement of Employment	Last Employment
9	Pradeep K Khurana	Executive Vice President & Chief Information Officer	NA	Full Time Employee (FTE)	118.52	<ul style="list-style-type: none"> Bachelor of Engineering (with Hons) Post Graduate Diploma in Advanced Computing GE Information Management Leadership Program (2 Years) GE Experienced Information Management Program (1 Year), 41 Years 	19	-	01-Jan-12	GE – 11 years (GECIS, GE Corporate, GE Capital)
10	Rinku Sharma	Executive Vice President & Chief Compliance Officer	NA	Full Time Employee (FTE)	100.70	BSC (Hons) Chemistry, MBA (Marketing & Finance), 47 Years	24	-	01-Nov-12	GE Capital

NOTE:

- Pursuant to amalgamation of SBI Business Process Management Services Private Limited (SBIBPMSL) with SBI Card, the employees of SBIBPMSL were transferred to the Company.
- During the FY20, the above employees were granted Employee Stock Options as per the SBI Cards- Employee Stock Option Plan 2019, the said ESOPs are not included in the above remuneration.

For and on behalf of the Board

Rajnish Kumar
Chairman
DIN: 05328267

Date: August 21, 2020
Place: Mumbai

Annexure-6 to the Board's Report

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) the ratio of the remuneration of MD & CEO to the median remuneration of the employees of the company for the financial year; - MD & CEO remuneration to median remuneration of the employees as on March 31, 2020 – **12.86:1**
- (ii) the percentage increase in remuneration of MD & CEO, Chief Financial Officer, and Company Secretary was in the range of 5% -13%.
- (iii) the percentage increase in the median remuneration of employees in the financial year: **7%**
- (iv) the number of permanent employees on the rolls of company March 31, 2020 – **3967**.
- (v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; - as stated above. No exception to be reported
- (vi) affirmation that the remuneration is as per the remuneration policy of the company. - **Yes**

For and on behalf of the Board

Date: August 21, 2020
Place: Mumbai

Rajnish Kumar
Chairman
DIN: 05328267

Form No. MGT-9**EXTRACT OF ANNUAL RETURN****as on the financial year ended on March 31, 2020**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details:

(i) CIN	U65999DL1998PLC093849
(ii) Registration Date	15-05-1998
(iii) Name of the Company	SBI CARDS AND PAYMENT SERVICES LIMITED
(iv) Category / Sub-Category of the Company	Public Company/ Limited by shares, NBFC
(v) Address of the Registered office and contact details	Unit 401 & 402, 4 th Floor, Aggarwal Millennium Tower E-1,2,3, Netaji Subhash Place, Wazirpur, New Delhi 110 034, India; Tel: +91 (11) 6126 8100 E-mail: investor.relations@sbicard.com; Website: www.sbicard.com
(vi) Whether listed company	YES
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	FOR EQUITY: Link Intime India Private Limited C-101, 1 st Floor, 247 Park Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai – 400 083, Maharashtra, India Telephone: +91 22 4918 6200 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in FOR DEBT: Zuari Finserv Limited Corporate One, 1 st Floor, 5 Commercial Centre, Jasola, New Delhi – 110025, India Telephone: 011-41697900, Facsimile: 011-40638679 Email: rta@adventz.zuarimoney.com Website: www.zuarimoney.com

During FY20, the Company had appointed Link Intime India Private Limited as the RTA of the Company, for the purpose IPO and thereafter

II. Principal Business Activities of the Company

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

Sl. No.	Name and Description of main products / Services	NIC Code of the Product/ Service	% to total turnover of the company
1.	Credit Card Business	Division 64 and 66 Activities through credit cards	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held#	Applicable section
1.	STATE BANK OF INDIA State Bank Bhavan, Corporate Centre, Madame Cama Road, Nariman Point, Mumbai, Maharashtra 400021	-	HOLDING	69.55	2(46)

Represents aggregate % of shares held by the Holding Company and its subsidiaries.

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2019)				No. of Shares held at the end of the year (as on March 31, 2020)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individuals/ HUF	-	-	-	-	5*	-	5*	0.00	0.00
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	61,95,44,445	-	61,95,44,445	74.00	65,26,33,987	-	65,26,33,987	69.51	(4.49)
f) Any Other... Insurance Companies#	-	-	-	-	3,64,493	-	3,64,493	0.04	0.04
Sub Total (A)(1):-	61,95,44,445	-	61,95,44,445	74.00	65,29,98,485	-	65,29,98,485	69.55	(4.45)
(2) Foreign									
a) NRIs-Individuals									
b) Other- Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any Others...									
Sub Total(A)(2):-					NIL				
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	61,95,44,445	-	61,95,44,445	74.00	65,29,98,485	-	65,29,98,485	69.55	(4.45)
B. Public shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	2,85,72,554	-	2,85,72,554	3.04	3.04
b) Banks /FI	-	-	-	-	19,87,261	-	19,87,261	0.21	0.21
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	10,41,718	-	10,41,718	0.11	0.11
g) FIs/FPIs	-	-	-	-	3,82,30,004	-	3,82,30,004	4.07	4.07
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Other (specify) Alternate Investment Funds	-	-	-	-	40,09,106	-	40,09,106	0.43	0.43
Sub-Total (B)(1):-	-	-	-	-	7,38,40,643	-	7,38,40,643	7.86	7.86
2. Non-institutions									
a) Bodies Corp.									
i. Indian	-	-	-	-	56,77,382	-	56,77,382	0.60	0.60
ii. Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	4,51,72,005	-	4,51,72,005	4.81	4.81
ii. Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh.	-	-	-	-	71,95,147	-	71,95,147	0.77	0.77
c) Other (specify)									
i. NBFC registered with RBI	-	-	-	-	6,529	-	6,529	0.00	0.00
ii. Trusts	-	-	-	-	3,92,370	-	3,92,370	0.04	0.04
iii. Foreign Nationals	-	-	-	-	19	-	19	0.00	0.00
iv. HUF	-	-	-	-	19,15,677	-	19,15,677	0.20	0.20

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2019)				No. of Shares held at the end of the year (as on March 31, 2020)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
v. Foreign Companies	21,76,77,779	-	21,76,77,779	26.00	14,91,73,488	-	14,91,73,488	15.89	(10.11)
vi. Non-Resident Indian (NRI)	-	-	-	-	6,77,843	-	6,77,843	0.07	0.07
vii. Clearing Members	-	-	-	-	19,07,206	-	19,07,206	0.20	0.20
Sub-Total (B)(2)	21,76,77,779	-	21,76,77,779	26.00	21,21,17,666	-	21,21,17,666	22.59	(3.41)
Total Public Shareholding (B)= (B)(1)+(B)(2)	21,76,77,779	-	21,76,77,779	26.00	28,59,58,309	-	28,59,58,309	30.45	4.45
C. Shares held by Custodian for GDRs & ADRs	NIL								
Grand Total (A+B+C)	83,72,22,224	-	83,72,22,224	100.00	93,89,56,794	-	93,89,56,794	100.00	-

* State Bank of India is the beneficial owner of One Equity Share each held by Mr. Shree Prakash Singh, Mr. K. Pradeep, Ms. Usha Gautam, Mr. P.M. Mohan Patro and Mr. Sanjay Kumar Tiwari in the Promoter Category.

The total shareholding of Promoters held in the Category of Insurance Companies pertains to the constituents of the Promoter Group as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The same does not form part of the Promoters as defined in the Companies Act, 2013.

(ii) Shareholding of Promoters-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 01, 2019)			Shareholding at the end of the year (as on March 31, 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	State Bank of India	619,544,445	74.00	-	65,26,33,992*	69.51	-	(4.49)
	Total	619,544,445	74.00	-	65,26,33,992*	69.51	-	(4.49)

*Includes One Equity Share each held by five individuals in the beneficial interest of State Bank of India

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl No.	Shareholding at the beginning of the year (as on April 01, 2019)		Cumulative Shareholding during the year		
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
State Bank of India					
	At the beginning of the year	619,544,445	74.00	619,544,445	74.00
	Date wise Increase in Promoters' Shareholding during the year - Allotment of 70,382,918 Equity Shares on July 22, 2019, pursuant to the Scheme of Amalgamation through which SBI Business Process Management Services Private Limited was amalgamated with the Company .			689,927,363	74.00
	Date wise Decrease in Promoters' Shareholding during the year - Transfer of 37,293,371 Equity Shares on March 12, 2020 through Offer for Sale pursuant to Initial Public Offering of the Company.			65,26,33,992*	69.51
	At the end of the year			65,26,33,992*	69.51

*Includes One Equity Share each held by five individuals in the beneficial interest of State Bank of India which were transferred during FY20

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on April 01, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	CA ROVER HOLDINGS				
	At the beginning of the year	217677779	26.00	217677779	26.00
	Date wise Increase in Shareholding during the year - Allotment of 24,729,136 Equity Shares on July 22, 2019, pursuant to the Scheme of Amalgamation through which SBI Business Process Management Services Private Limited was amalgamated with the Company .			242406915	26.00
	Date wise Decrease in Shareholding during the year - Transfer of 93,233,427 Equity Shares on March 12, 2020 through Offer for Sale pursuant to Initial Public Offering of the Company.			149173488	15.89
	At the end of the year			149173488	15.89
2.	HDFC TRUSTEE COMPANY LTD. A/C HDFC BALANCED ADVANTAGE FUND				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year - 7960765 Equity Shares during 13.03.2020 – 20.03.2020			7960765	0.85
	Date wise Increase in Shareholding during the year - 2055657 Equity Shares during 20.03.2020 – 27.03.2020			10016422	1.07
	Date wise Increase in Shareholding during the year - 532000 Equity Shares during 27.03.2020 – 31.03.2020			10548422	1.12
	At the end of the year			10548422	1.12
3.	BNP PARIBAS ARBITRAGE - ODI				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year - 3864301 Equity Shares during 13.03.2020 – 20.03.2020			3864301	0.41
	Date wise Increase in Shareholding during the year - 21745 Equity Shares during 20.03.2020 – 27.03.2020			3886046	0.41
	Date wise Increase in Shareholding during the year - 138987 Equity Shares during 27.03.2020 – 31.03.2020			4025033	0.43
	At the end of the year			4025033	0.43
4.	KOTAK STANDARD MULTICAP FUND				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year - 2736167 Equity Shares during 13.03.2020 – 20.03.2020			2736167	0.29
	At the end of the year			2736167	0.29
5.	KUWAIT INVESTMENT AUTHORITY FUND 225				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year - 2468812 Equity Shares during 13.03.2020 – 20.03.2020			2468812	0.26
	Date wise Increase in Shareholding during the year - 200046 Equity Shares during 20.03.2020 – 27.03.2020			2668858	0.28
	At the end of the year			2668858	0.28

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on April 01, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS LONG TERM EQUITY FUND				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year - 2682513 Equity Shares during 13.03.2020 – 20.03.2020			2682513	0.28
	Date wise Decrease in Shareholding during the year - 75009 Equity Shares during 20.03.2020 – 27.03.2020			2607504	0.28
	At the end of the year			2607504	0.28
7.	GOVERNMENT PENSION FUND GLOBAL				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year - 2452687 Equity Shares during 13.03.2020 – 20.03.2020			2452687	0.26
	At the end of the year			2452687	0.26
8.	PIONEER INVESTMENT FUND				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year - 2020075 Equity Shares during 13.03.2020 – 20.03.2020			2020075	0.21
	Date wise Increase in Shareholding during the year - 396420 Equity Shares during 20.03.2020 – 27.03.2020			2416495	0.26
	At the end of the year			2416495	0.26
9.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE FRONTLINE EQUITY FUND				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year - 2225988 Equity Shares during 13.03.2020 – 20.03.2020			2225988	0.24
	At the end of the year			2225988	0.24
10.	GOVERNMENT OF SINGAPORE				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year- 1996653 Equity Shares during 13.03.2020 – 20.03.2020			1996653	0.21
	At the end of the year			1996653	0.21

Note: 1. The list of top 10 shareholders is derived on the basis of PAN consolidation

2. All the shares of the Company are in dematerialized form and are widely traded on daily basis. Therefore, the particular date of increase/ decrease in shareholding is not indicated.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year (as on April 01, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Rajnish Kumar, Chairman				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year – 200 Equity Shares during 12.3.2020 – 27.3.2020			200	0.00
	At the end of the year			200	0.00
2.	Mr. Hardayal Prasad, MD & CEO#				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year – 50 Equity Shares during 13.3.2020 – 20.3.2020			50	0.00
	At the end of the year			50	0.00

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year (as on April 01, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3.	Mr. Shree Prakash Singh, Non-Executive Nominee Director[#]				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year – Transfer of 1 Equity Share Beneficial Ownership of which is with State Bank of India on 26.7.2019			1*	0.00
	Date wise Increase in Shareholding during the year - 66 Equity Shares under the Initial Public Offering of the Company on 12.3.2020			67	0.00
	At the end of the year			67	0.00
4.	Mr. Rajendra Kumar Saraf, Non-Executive Independent Director				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year - 38 Equity Shares under the Initial Public Offering of the Company on 12.3.2020			38	0.00
	At the end of the year			38	0.00

Note: 1. Mr. Dinesh Kumar Khara, Mr. Sunil Kaul, Dr. Tejendra Mohan Bhasin, Mr. Nilesh Shivji Vikamsey, Mr. Dinesh Kumar Mehrotra and Ms. Anuradha Shripad Nadkarni were not holding any shares in the Company at the beginning of the year, i.e., as on April 01, 2019 and at the end of the year i.e., as on March 31, 2020. Also there was no increase /decrease in their shareholding during the financial year.

2. Mr. Nalin Negi, Chief Financial Officer and Ms. Payal Mittal Chhabra, Company Secretary and Compliance Officer of the Company was not holding any shares in the Company at the beginning of the year i.e., as on April 01, 2019 and at the end of the year i.e., as on March 31, 2020. Also there was no increase /decrease in their shareholding during the financial year.

* State Bank of India is the beneficial owner of One Equity Shares held by Mr. Shree Prakash Singh.

Ceased to be a director of the Company w.e.f. close of business hours on July 31, 2020.

V. Indebtedness

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

	In ₹ lakhs			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	820466.52	534471.03	-	1354937.55
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	181.48	14381.06	-	14562.54
Total (i+ii+iii)	820648.00	548852.09	-	1369500.09
Change in Indebtedness during the financial year				
* Addition	345142.95	180919.20	-	526062.15
* Reduction	140000.97	4505.26	-	144506.23
Net Change	205141.98	176413.94	-	381555.92
Indebtedness at the end of the financial year				
i) Principal Amount	1025608.50	710884.97	-	1736493.47
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4102.03	16600.56	-	20702.59
Total (i+ii+iii)	1029710.53	727485.53	-	1757196.06

VI. Remuneration of Directors and Key Managerial Personnel

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

Sl. no.	Particulars of Remuneration	Total Amount in ₹ lakhs
MD & CEO – Mr. Hardayal Prasad (April 01, 2019 to March 31, 2020)		
1.	Gross salary	77.74
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as % of profit - others, specify...	-
5.	Others, please specify:	-
	Total A	77.74
	Ceiling as per the Act	In compliance with Section 196, 197, 198 read with Schedule V of the Companies Act, 2013 as amended from time to time.

B. Remuneration to other directors:

							(in ₹ lakhs)
Sl No.	Particulars of Remuneration	Name of Directors					Total Amount
1.	Independent Directors	Dr. Tejendra Mohan Bhasin	Mr. Nilesh Shivji Vikamsey	Mr. Rajendra Kumar Saraf	Mr. Dinesh Kumar Mehrotra	Ms. Anuradha Shripad Nadkarni	
	Fee for attending Board / Committee meetings	4.40	2.60	4.20	1.20	1.80	14.20
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	4.40	2.60	4.20	1.20	1.80	14.20
2.	Other Non-Executive Directors	Mr. Ashwini Kumar Sharma					
	Fee for attending Board / Committee meetings			1.55			1.55
	Commission			-			-
	Others, please specify			-			-
	Total (2)			1.55			1.55
	Total (B)=(1+2)			15.75			15.75
	Total Managerial Remuneration (A) + (B)			93.49			
	Overall Ceiling as per the Act	In compliance with Section 196, 197, 198 read with Schedule V of the Companies Act, 2013 as amended from time to time.					

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(in ₹ lakhs)

Sl. No.	Particulars of Remuneration	Mr. Nalin Negi (CFO)	Ms. Payal Mittal Chhabra (Company Secretary and Compliance Officer)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	169.96	60.66
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option granted during the year. (No. of Options)	250,000	142,500
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
5	Others, please specify	-	-
	Total	169.96	60.66

VII. Penalties/Punishment/Compounding of Offences

There were no penalties, punishment or compounding of offences during the year ended March 31 2020, under the Companies Act, 2013.

For and on behalf of the Board

Date: August 21, 2020
Place: Mumbai

Rajnish Kumar
Chairman
DIN: 05328267

Business Responsibility Report

Section A: General Information About the Company

1. Corporate Identity Number (CIN) of the company	U65999DL1998PLC093849
2. Name of the Company	SBI Cards and Payment Services Limited
3. Registered address	Unit 401 & 402, 4 th Floor, Aggarwal Millennium Tower E-1,2,3, Netaji Subhash Place, Wazirpur, New Delhi 110 034, India;
4. Website	www.sbicard.com
5. E-mail ID	investor.relations@sbicard.com;
6. Financial Year reported	2019-20
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	Credit Card Business (Division 64 and 66 Activities through credit cards- NIC Code)
8. List three key products/services that the Company manufactures/ provides (as in Balance Sheet)	Credit Cards
9. Total number of locations where business activity is undertaken by the Company	There are total 23 locations (as per S&E registration) on which business activity is undertaken by the company.
10. Markets served by the Company Local/State/ National/International	PAN India

Section B: Financial Details of the Company

1. Paid up capital (₹)	₹ 93895.68 lakhs
2. Total Turnover (₹)	₹ 975,228.89 lakhs
3. Total profit after taxes (₹)	₹ 124,481.53 lakhs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after taxes (%)	₹ 19,91.95 lakhs representing 1.60% of the Profit after Tax

5. **List of activities in which expenditure in 4 above has been incurred:**
The major activities in which the above CSR expenditure has been incurred includes:
- (i) Livelihood and Skill Enhancement
 - (ii) Education
 - (iii) Health and Sanitation
 - (iv) Old age homes/orphanage and gender equality
 - (v) Ensuring environmental sustainability

Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**
No.
2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**
Not Applicable.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]
No.

Section D: BR Information

1 Details of Director/ Directors responsible for BR

- a) Details of the Director/ Directors responsible for implementation of the BR policy/ policies and b) Details of the BR Head

Sl. No.	Particulars	Details
1.	DIN Number (if applicable)	08024303
2.	Name	Mr. Hardayal Prasad*
3.	Designation	MD & CEO
4.	Telephone Number	+91 (124) 458 9803
5.	E-mail ID	investor.relations@sbicard.com

* Ceased to be Director of the Company w.e.f. close of Business Hours on July 31, 2020

2 Principle-wise (as per NVGs) BR Policy/ policies

- a) Details of compliance (Reply in Y/N)

Sr. No.	Particulars	P1	P2	P3	P4	P5	P6	P7@	P8	P9
1	Do you have a policy/policies for..?	Y	Y	Y	Y	Y	Y	-	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national / International standards? If yes, specify?# (50 words)	Y	Y	Y	Y	Y	Y	-	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ Appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online	Note 1	Note 1	Note 1	Y	Note 1	Y	-	Y	Note 1
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the company carried out independent Audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	-	Y	Y

Policies have been formed in compliance of the applicable laws and the Company has adopted the best practices prevailing in the industry.

@ P7 - The Company has not advocated/lobbied through any association.

Note 1: Internal Document not accessible to the public

- b) If answer to Sr. No. 2 against any principle, is 'No', please explain why:

3 Governance related to BR

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Business Responsibility Performance of the Company is reviewed by the Board of Directors Annually.

Besides this, the CSR Committee of Directors reviews the CSR initiatives taken by the Company every 3-6 months.

- b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The equity shares of the Company were listed on the Stock Exchange w.e.f. March 16, 2020, therefore the requirement of publishing the Business Responsibility Report was not applicable to the Company for previous financial years.

The Company is publishing the Business Responsibility Report for FY20 and the said report will be part of Annual Report for FY20 and will be available on Company's website: www.sbicard.com.

Section E: Principle-wise Performance

Principle 1 (P1): Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

Code of Conduct which is part of the Compliance Policy of the Company covers the above aspects and the same is applicable to all employees, suppliers, contractors, third parties representing the Company and consultants of the Company.

2. How many stakeholders' complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During FY20 no complaints pertaining to ethics, bribery and corruption were received by the Company.

Principle 2 (P2): Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.

SBI Card with its parent entity as State Bank of India, continually focusses on reaching out to unbanked, under-banked segments of the nation where there is dearth of credit products. The Company's customers come from various walks of life, such as small traders, new-entrepreneurs, teachers, Doctors and farmers .Below are the special products for the above mentioned segments:

- a. **Credit availability for Farmers:** Launch of unique card – SBI Card Krishak Unnati, for the back bone of the nation, her agriculturists through the distribution network of State Bank of India. The card focuses on providing a credit experience at no fee and comes with an onboarding process where an agriculturist can simply reach out to their nearest SBI Branch to apply for this card.

- b. **Taking Credit to the Unbanked/Under-banked:** SBI Card Unnati was launched with a vision to provide a credit card to such segments which naturally face barriers in terms of entering the credit ecosystem. The credit card comes with absolutely no annual fee for first 4 years to lower the entry barriers for first time credit users. The card is aimed to further the national vision of a cashless economy.

In addition to afore-mentioned, SBI Card also has a specialized card for the medical professionals of the country to celebrate their contribution to the society at large.

- c. **Doctor's SBI Card** – This card was launched by SBI Card in association with Indian Medical Association. The card is specifically created for medical professionals and offers a suite of rewarding features to Doctors for their personal and professional purchasing needs. Indian medical association has lent their sponsorship to this credit card as a symbol of their belief in this SBI Card venture for the medical community.

2. For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product (Optional)

Not Applicable.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

The Company being a NBFC is engaged in the Financial Services sector, therefore material purchase for operations is not significant except for paper and plastic. However, while procuring the electronic equipment such as computers, laptops, lighting devices, ACs etc, the Company ensures that energy efficiency standards are considered.

4. What percentage of the inputs were sourced sustainably? Also, provide details thereof, in about 50 words or so.

Not applicable considering the nature of business of the Company.

5. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Not applicable considering the nature of business of the Company.

However, the Company has number of Micro, Small & Medium Enterprises (MSME) registered as Vendor for various goods and services and the Company is committed to promote participation of MSME in the Company.

6. Does the Company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?

Not applicable since the Company is not a manufacturing Company.

Principle 3 (P3): Businesses should promote the wellbeing of all employees

1. Please indicate the total number of employees.

As on March 31, 2020, total number of employees was 3967.

2. Please indicate the total number of employees hired on temporary/ contractual/casual basis.

As on March 31, 2020 the outsourced workforce of the Company was 39,623.

3. Please indicate the number of permanent women employees.

As on March 31, 2020 number of permanent women employees were 1169.

4. Please indicate the number of permanent employees with disability.

As on March 31, 2020 number of permanent employees with disability were 2.

5. Do you have an employee association that is recognized by management?

There is no employee association.

6. What percentage of your permanent employees are members of this recognized employee association?

Not Applicable.

7. Please indicate the Number of complaints relating to child labor, forced labor, involuntary labor, and sexual harassment in the last financial year and pending, as on the end of the financial year.

The Company being a fair employer does not permit any engagement of child labour or forced labour or involuntary labour.

The Company also refrains from any discrimination on the basis of caste, creed, gender or religion.

Number of Complaints on the above points are:

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of this financial year
1.	Child labor/ forced labor/ involuntary labor	-	-
2.	Sexual harassment	5	-
3.	Discriminatory employment	-	-

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

The Company accords prime importance to employee's skill upgradation, health and safety. From time to time various trainings were imparted to the employees of the Company for the same.

Such trainings are provided to the employees by various ways such as classroom module, web-based e-learning, drills etc. Further, the Company also create awareness among its employees, about such aspects through various Communication Channels.

During FY20, such trainings were made available to all the employees of the Company.

Principle 4 (P4): Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders?

Yes. The Company has identified its Internal and external key stakeholders, which includes Investors/ Shareholders, Employees, Customers, Regulatory Bodies, and Community.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes. The CSR Committee of the Company develops the roadmap and action plan taking into consideration the expectations of different stakeholders including those which need support on multiple fronts. The Company mobilises resources to implement various programs for upliftment of these stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable, and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

For details please refer Annexure 3 of the Board's Report.

Principle 5 (P5): Businesses should respect and promote human rights.

1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/Suppliers/Contractors/ NGOs/ Others?

Code of Conduct which is part of the Compliance Policy of the Company covers the above aspects and the same is applicable to all employees, suppliers, contractors, third parties representing the Company and consultants of the Company.

In addition to the above the Company also has various other policies covering this aspect such as, Policy on prevention of Sexual Harassment of Woman at Workplace, HR Policies, etc. which are applicable only to the Company.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During FY20 no complaints pertaining to Human Rights were received by the Company. For status of other Complaints kindly refer Principle 1 & 3.

Principle 6 (P6): Business should respect, protect, and make efforts to restore the environment.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others?

It Covers only the Company.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?

SBI Card is committed to responsibly conduct its business. The business has a framework in place to effectively manage environment management to limit carbon footprint. There is constant endeavor to undertake innovative initiatives to protect the environment. The Company has contributed towards making a greener planet by enabling environment conserve natural resources.

The company replaced all conventional lights and replaced it with LED lights, further installed sensors to Auto control on/off to optimize energy.

Digitization drive & installation of smart printers with 'Managed Print Service' have helped us reduce carbon footprint by limiting unwanted prints & saving papers. Installation of smart applications have also helped us hardcode double side printing of papers to optimize usage of papers.

The company developed Policy to limit business travels as much as possible and promoted virtual meetings through various platforms, thus reducing carbon footprint.

Installation of multipurpose color-coded waste bin to effectively manage wet, dry & plastic waste for recycling.

The Company installed Sensor based faucets to significantly reduce usage of water.

Periodic activity is being carried out at all offices on replacement & cleaning of AC coils & filters to conserve energy. Insulation of AC ducts as well as installation of heat resistant films on façade to preserve Colling and thus save energy.

As a process, all E – waste is collected, packed & sent to vendor for recycling initiative to limit carbon footprint.

Internal branding & communication through digital signage to save paper and thus conserve energy. Further, to the extent permitted, company communicates with customers digitally i.e. via SMS and emails to reduce usage of paper.

Further the Company has also taken initiatives on the abovementioned issues, details stated in Annexure 3 to the Board's Report.

3. Does the company identify and assess potential environmental risks?

The aspect outlined in this principle is not relevant to the Company given the nature of its business.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The aspect outlined in this principle is not relevant to the Company given the nature of its business.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N.

Yes. Please refer Point 2 above.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Not applicable

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Not applicable

Principle 7 (P7): Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- Indian Banks' Association (IBA)
- India Payment Risk Council

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company does not engage in policy advocacy or in lobbying through any association. However, time to time we work with the associations mentioned above relating to the issues related to the Industry and contribute our views in case the same is solicited.

Principle 8 (P8): Businesses should support inclusive growth and equitable development.

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

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

The vision of the Company is to empower the community through education, skills and access to quality health and sanitation facilities.

The Organization has outlined the following key focused area for CSR activities: -

- (i) Livelihood and Skill Enhancement
- (ii) Education
- (iii) Health and Sanitation
- (iv) Old age homes/orphanage and gender equality
- (v) Protection of National heritage, art and culture
- (vi) Ensuring environmental sustainability
- (vii) Government Funds and Initiatives

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The Company undertakes programmes/projects through NGOs/Implementing agencies such as SBI Foundation, SOS Children's Villages India, Smile Foundation, The Akshayapatra Foundation, Arunodaya Charitable Trust etc.

3. Have you done any impact assessment of your initiative?

The Company periodically reviews the impact of various programmes/projects undertaken by the Company.

4. What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken.

The Company has spent ₹ 19,91.95 lakhs on various community development initiatives undertaken by the Company during FY20.

For more details please refer Annexure-3 to the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Company ensures participation of Concerned community while undertaking a programme to ensure the sustainable impact of the programme.

Principle 9 (P9): Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

Out of the Complaints received during the year, approximately 1% cases were pending as on the end of FY20.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

Not Applicable.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year?

In the ordinary course of business, we have seen that the customers at times file cases against the Company,

including Consumer cases alleging inter alia deficiency of services, which are contested and decided accordingly on a case to case basis. Apart from this there is one civil appeal pending before the Hon'ble Supreme Court of India titled HSBC Ltd Vs Awaz & ors., challenging the order passed by Hon'ble National Consumer Commission relating to interest charges levied on credit cards. SBI Card has been allowed to join as intervenor. The said matter is pending for final hearing/arguments. We would also like to confirm that no case has been filed nor pending against the Company before the Competition Commission of India.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

SBI Card participates in an annual syndicated CX (Customer Experience) survey conducted by Forrester Research, a professional and reputed research agency. The objective of the survey is to measure, monitor and manage the customer experiences that are most likely to create and sustain loyalty. The CX survey measures experience and advocacy levels of customers across processes and touchpoints vis-à-vis competition. The insights of CX survey are used to create and implement an action plan, to improve processes and enhance the service quality of SBI Card.

For and on behalf of the Board

Rajnish Kumar
Chairman
DIN: 05328267

Date: August 21, 2020
Place: Mumbai

Corporate Governance Report

Company's Philosophy on Code of Corporate Governance:

The Corporate Governance Philosophy of the Company is to ensure fair and ethical business practice, transparent disclosures and reporting. Its focus is on statutory compliance, regulations and guidelines, and to promote ethical conduct of business throughout the organization with primary objective of enhancing stakeholders' value while being a responsible corporate citizen.

Company firmly believes that any meaningful policy on the Corporate Governance must provide empowerment to the executive management of the Company and create a built-in mechanism of verification and internal controls to ensure that the decision-making process, vested in the executive management, are used with due care and responsibility.

The company is committed to attain the highest standards of Corporate Governance.

1. Board of Directors:

The Board of Directors consists of Ten Directors as on March 31, 2020, of which One is Executive Director and nine are Non-Executive Directors (NED); out of nine NED, five are Independent Directors (IND). Ten Board Meetings were held during the twelve months period from April 1, 2019 to March 31, 2020 i.e., on April 25, 2019, June 28, 2019, July 25, 2019, August 14, 2019, October 22, 2019, November 11, 2019, November 23, 2019, January 20, 2020, February 18, 2020 and March 6, 2020, Attendance and other details as on March 31, 2020 are as given below:-

S. no*	Name of the Director	Category	Number of Board Meetings Attended	Whether last AGM attended	No. of other Directorships and Committee Memberships/Chairmanships held in other companies			Directorship in other listed entity Indian Public (Category of Directorship)
					Directorships ^s	Committee Memberships**	Committee Chairmanships**	
1	Mr. Rajnish Kumar (DIN: 05328267)	Chairman, Non-Executive, Non-Independent Director (Nominee of SBI)	3	No	6	0	0	1. State Bank of India (Executive Director, Chairperson) 2. SBI Life Insurance Company Limited (Non-Executive - Nominee Director, Chairperson related to promoter)
2	Mr. Dinesh Kumar Khara (DIN: 06737041)	Non-Executive, Non-Independent Director (Nominee of SBI)	9	No	7	6	0	1. State Bank of India (Executive Director, MD) 2. SBI Life Insurance Company Limited (Non-Executive - Nominee Director)
3	Mr. Hardayal Prasad (DIN: 08024303)	Executive, Non-Independent Director (Nominee of SBI)	10	Yes	-	-	-	-
4	Mr. Shree Prakash Singh (DIN: 08026039)	Non-Executive, Non-Independent Director (Nominee of SBI)	10	No	1	-	-	-
5	Mr. Sunil Kaul (DIN: 05102910)	Non-Executive, Non-Independent Director (Nominee of CARH)	10	No	1	1	-	1. PNB Housing Finance Limited (Non-Executive - Nominee Director)
6	Dr. Tejendra Mohan Bhasin (DIN: 03091429)	Non-Executive, Independent Director	8	Yes	3	1	-	1. Centrum Capital Limited (Non-Executive - Independent Director) 2. PNB Gilts Limited (Non-Executive - Independent Director)

S. no*	Name of the Director	Category	Number of Board Meetings Attended	Whether last AGM attended	No. of other Directorships and Committee Memberships/Chairmanships held in other companies			Directorship in other listed entity Indian Public (Category of Directorship)
					Directorships ^s	Committee Memberships**	Committee Chairmanships**	
7	Mr. Nilesh Shivji Vikamsey (DIN: 00031213)	Non-Executive, Independent Director	4	No	8	8	1	1. Navneet Education Limited (Non-Executive - Non Independent Director) 2. Thomas Cook (India) Limited (Non-Executive - Independent Director, Shareholder Director) 3. PNB Housing Finance Limited (Non-Executive - Independent Director) 4. IIFL Finance Limited (Non-Executive - Independent Director) 5. SBI Life Insurance Company Limited (Non-Executive - Independent Director) 6. IIFL Wealth Management Limited (Non-Executive - Independent Director, Chairperson)
8	Mr. Rajendra Kumar Saraf (DIN: 02730755)	Non-Executive, Independent Director	6	No	2	1	-	-
9	Mr. Dinesh Kumar Mehrotra (DIN: 00142711)	Non-Executive, Independent Director	3	NA	7	7	-	1. Indostar Capital Finance Limited (Non-Executive - Independent Director) 2. VLS Finance Limited (Non-Executive - Independent Director, Shareholder Director)
10	Ms. Anuradha Shripad Nadkarni (DIN: 05338647)	Non-Executive, Independent Director	4	NA	-	-	-	-
11	Mr. Ashwini Kumar Tewari (DIN: 08797991)	Executive, Non-Independent Director (Nominee of SBI)	NA	NA	-	-	-	-
12	Mr. Devendra Kumar (DIN: 08828056)	Non-Executive, Non-Independent Director (Nominee of SBI)	NA	NA	-	-	-	-
13	Ms. Saraswathy Athmanathan (DIN: 06798837)	Non-Executive, Non-Independent Director (Nominee of SBI)	Nil	NA	-	-	-	-
14	Mr. Ashwini Kumar Sharma (DIN: 00157371)	Non-Executive, Non-Independent Director (Nominee of SBI)	3	NA	-	-	-	-

Note:

SBI - State Bank of India and CARH- CA Rover Holdings

During the FY20 Dr. Tejendra Mohan Bhasin was appointed as an Independent director w.e.f. June 28, 2019. Mr. Nilesh Shivji Vikamsey and Mr. Rajendra Kumar Saraf were appointed as an Independent director w.e.f. August 14, 2019. Mr. Dinesh Kumar Mehrotra and Ms. Anuradha Shripad Nadkarni were appointed as an Independent director w.e.f. November 14, 2019. Mr. Ashwini Kumar Tewari was appointed as Managing Director & CEO of the Company w.e.f. August 1, 2020, subject to all the requisite approvals including the approval of shareholders of the Company at the ensuing AGM. Mr. Devendra Kumar was appointed as Nominee Director w.e.f. August 21, 2020.

Ms. Saraswathy Athmanathan and Mr. Ashwini Kumar Sharma were ceased to be the directors of the Company w.e.f. August 3, 2019 and August 5, 2019, respectively. Mr. Hardayal Prasad, Managing Director & CEO and Mr. Shree Prakash Singh, Non-Executive, Non-Independent Director (Nominee of SBI) were ceased to be the Directors of the Company w.e.f. close of business hours on July 31, 2020.

The appointment of Independent Directors is in accordance with the provisions of the Companies Act 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

^s Excluding private companies, foreign companies and companies under Section 8 of the Companies Act, 2013. Independent Directorships held by the Directors are in accordance with the Listing Regulations.

** Only covers Memberships/Chairmanships of Audit Committee and Stakeholders Relationship Committee Pursuant to Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the committee details provided, every chairpersonship is also considered as a membership.

The Board confirms that in its opinion, all the Independent Directors of the Company fulfill the conditions specified in the Listing Regulations and are independent of the management of the Company.

There are no inter-se relationship between our Board members.

The Company has identified the following as core skills/ expertise/ competencies required in the context of the Company's business and sector for it to function effectively:- (i) financial and accounting knowledge; (ii) strategic expertise; (iii) Risk Management; (iv) Regulatory Affairs; (v) Banking; (vi) community service, sustainability and corporate social responsibility. (viii) IT expertise.

All the Directors of the Company possess the necessary skills/expertise/ competencies as specified above.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and steps taken by the Company to rectify instances of non-compliances, if any. The Board is satisfied that plans are in place for orderly succession for appointments to the Board and to senior management.

The number of Equity Shares of ₹ 10/- each (i.e. Shares) held by the Non-executive Directors as on March 31, 2020 are: Mr. Rajnish Kumar- 200 Shares, Mr. Rajendra Kumar Saraf - 38 Shares and Mr. Shree Prakash Singh - 67 Shares (includes one share beneficial owner of which is State Bank of India).

None of the other non- executive directors holds any equity share in the Company. The Company does not have any outstanding convertible instruments.

Separate Meeting of the Independent Directors:

In accordance with the provisions of Schedule IV to the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on March 30, 2020. Mr. Nilesh Vikamsey was unanimously elected as Chairman of the said meetings. All the Independent Directors were present at the said meeting.

Familiarisation Programme for Independent Directors:

In accordance with the provisions of Regulation 25(7) of the Listing Regulations, the Company has been conducting various familiarisation programmes. The details of such familiarisation programmes for Independent Directors have been disclosed on the website of the Company, the web link for which is <https://www.sbicard.com/sbi-card-en/assets/docs/pdf/who-we-are/notices/details-of-familiarization-programmes.pdf>

Remuneration Paid to Directors:

(i) **Executive Directors:** The remuneration for the financial year ended March 31, 2020 to the Executive Director

is as follows: Mr. Hardayal Prasad, Managing Director & Chief Executive Officer ₹ 77.74 Lacs (inclusive of PLI amounting to ₹ 9.59 lakhs); No Stock Options were granted by the Company to Mr. Hardayal Prasad.

There are no service contracts entered into by our Directors with our Company which provide for benefits upon termination of employment. Further, Mr. Hardayal Prasad, Managing Director & Chief Executive Officer was governed by the SBI Rules as well as resolutions passed by the Board of Directors and the Shareholders of the Company.

(ii) **Non-executive Directors:** The Company has paid sitting fees aggregating to ₹ 15.75 lakhs to the Non-executive Directors for attending the meetings of the Board and/ or Committees thereof.

Apart from receiving sitting fees for attending Board and Committee meetings by the eligible Non-executive Directors of the Company and credit card transactions in the ordinary course of business, there are no pecuniary relationship of the Non-executive Directors with the Company.

Closing Balance as on March 31, 2020 of the credit cards issued to Directors of the Company was ₹ 16.98 lakhs/-.

Committees of the Board

The Board has delegated powers to various Committees. Each of the Board's Committee has been delegated with specific responsibilities/ matters as per the provisions of the Companies Act, 2013, SEBI LODR, RBI Directions/Guidelines and as per the business requirements. The minutes of every Committee meetings are finalised and recorded in the minute book maintained by the Company Secretary. The Minutes of Committee meetings are also placed before the Board. Further, the Terms of reference of the Committees are available on the website of the Company. The various committees, their roles and their members are;

Audit Committee:

Pursuant to the Act, the Listing Regulations and the NBFC Regulations, the Company has constituted an Audit Committee. The composition and the 'Terms of Reference' of the Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013, Regulation 18 of the Listing Regulations and the NBFC Regulations. The Board reviews the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Act, the Listing Regulations and the NBFC Regulations.

As on March 31, 2020, the Committee consists of six Directors, out of which four are Non-executive Independent Directors and two are Non-Executive, Non-Independent Directors. All the members of the Committee are financially

literate and have necessary accounting & financial management expertise/background. Mr. Nilesh Shivji Vikamsey, Chairman of the Committee is a professional Chartered Accountant with strong financial analysis background.

Six meetings of the Audit Committee were held during the financial year ended March 31, 2020. Dates of the meetings are: April 25, 2019, June 28, 2019, July 25, 2019, October 22, 2019, November 11, 2019 and January 20, 2020. The names of the Members of the Committee and their attendance at the Meetings held during the year under review are as follows:

Sl. No.	Name of the Member	Meetings held during the tenure of the Member	No. of Meetings attended
1	Mr. Nilesh Shivji Vikamsey*, Chairman	3	2
2	Mr. Shree Prakash Singh@	6	6
3	Dr. Tejendra Mohan Bhasin*	3	3
4	Mr. Rajendra Kumar Saraf*	3	3
5	Mr. Sunil Kaul	6	6
6	Ms. Anuradha Shripad Nadkarni*	1	1
7	Ms. Saraswathy Athmanathan@	3	Nil
8	Mr. Devendra Kumar*	NA	NA

* Mr. Nilesh Shivji Vikamsey, Mr. Rajendra Kumar Saraf and Dr. Tejendra Mohan Bhasin were inducted in the Committee w.e.f. August 14, 2019. Ms. Anuradha Shripad Nadkarni and Mr. Devendra Kumar were inducted in the Committee w.e.f. November 14, 2019 and August 21, 2020, respectively.

@ Ms. Saraswathy Athmanathan and Mr. Shree Prakash Singh were ceased to be the Members of the Committee w.e.f. August 3, 2019 and Close of business hours on July 31, 2020, respectively.

The Company Secretary acts as the Secretary of the Committee.

Nomination and Remuneration Committee

As on March 31, 2020, the Committee consists of six Directors, out of which three are Non-executive Independent Directors and three are Non-Executive, Non-Independent Directors. The composition and the 'Terms of Reference' of the Committee are in conformity with the provisions of Section 178 of the Companies Act, 2013, Regulation 19 of the Listing Regulations and the NBFC Regulations.

Seven meetings of the Nomination and Remuneration Committee were held during the financial year ended March 31, 2020. Dates of the meetings are: April 25, 2019, June 28, 2019, July 25, 2019, August 14, 2019, October 22, 2019, November 23, 2019, and January 20, 2020. The names

of the Members of the Committee and their attendance at the Meetings held during the year under review are as follows:

Sl. No.	Name of the Member	Meetings held during the tenure of the Member	No. of Meetings attended
1	Dr. Tejendra Mohan Bhasin, Chairman*	3	3
2	Mr. Dinesh Kumar Khara	7	7
3	Mr. Shree Prakash Singh*@	3	3
4	Mr. Sunil Kaul	7	7
5	Mr. Rajendra Kumar Saraf*	3	3
6	Mr. Nilesh Shivji Vikamsey*	3	3
7	Mr. Ashwini Kumar Sharma@	3	3
8	Mr. Devendra Kumar*	NA	NA

* Mr. Nilesh Shivji Vikamsey, Mr. Shree Prakash Singh, Mr. Rajendra Kumar Saraf and Dr. Tejendra Mohan Bhasin were inducted in the Committee w.e.f. August 14, 2019. Mr. Devendra Kumar was inducted in the Committee w.e.f. August 21, 2020.

@ Mr. Ashwini Kumar Sharma and Mr. Shree Prakash Singh were ceased to be the Members of the Committee w.e.f. August 5, 2019 and Close of business hours on July 31, 2020, respectively.

Performance Evaluation

In terms of the provisions of the Companies Act, 2013 read with rules made thereunder, and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Board of Directors of the Company through the Nomination and Remuneration Committee, undertook the performance evaluation of the Board, each Director, Committees and Chairman for the financial year ending March 31, 2020. The performance of the Board, Individual Directors and Chairman was evaluated by the Board after seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board after seeking inputs from the respective Committee Members. The evaluation of the Individual Performance of Directors, the Board, the Committees and the Chairman of the Board were undertaken through circulation of questionnaires.

Stakeholders' Relationship Committee

As on March 31, 2020, the Committee consists of three Directors, out of which One is Non-executive Independent Director and two are Non-Executive, Non-Independent Directors. The composition and the 'Terms of Reference' of the Committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

During the financial year ended March 31, 2020, one Meeting of the Stakeholders' Relationship Committee was

held i.e. on January 20, 2020. The names of the Members of the Committee and their attendance at the Meetings are as follows:

Sl. No.	Name of the Member	Meetings held during the tenure of the Member	No. of Meetings attended
1	Mr. Rajendra Kumar Saraf, Chairman	1	1
2	Mr. Shree Prakash Singh*	1	1
3	Mr. Sunil Kaul	1	1
4	Mr. Devendra Kumar#	NA	NA

* Mr. Shree Prakash Singh ceased to be the Members of the Committee from Close of business hours on July 31, 2020.

Mr. Rajendra Kumar Saraf and Mr. Devendra Kumar were inducted in the Committee w.e.f. August 14, 2019 and August 21, 2020, respectively.

- (a) number of shareholders' complaints received so far (during the Year ended March 31, 2020); **302**
- (b) number not solved to the satisfaction of shareholders; **NIL**
- (c) number of pending complaints (as on 31.3.2020); **5**
- (d) name designation of compliance officer;
Ms. Payal Mittal Chhabra
Company Secretary and Compliance Officer

Note: Number of Complaints pending as on 31.3.2020 mentioned above were subsequently resolved in the next quarter.

Corporate Social Responsibility Committee:

The Company has a 'Corporate Social Responsibility Committee of Directors' which comprises of four Directors out of which one is Independent Director, two are Non-Executive Nominee Directors and One is Executive Nominee Director, as on March 31, 2020. The composition and the role of the Committee are in conformity with the provisions of Section 135 of the Companies Act, 2013.

During the financial year ended March 31, 2020, Four Meetings of the Corporate Social Responsibility Committee were held. Date of the meetings are: April 25, 2019, July 25, 2019, October 22, 2019 and January 20, 2020. The names of the Members of the Committee and their attendance at the Meetings are as follows:

Sl. No.	Name of the Member	Meetings held during the tenure of the Member	No. of Meetings attended
1	Mr. Hardayal Prasad*@	2	2
2	Mr. Shree Prakash Singh@	4	4
3	Mr. Sunil Kaul	4	4

Sl. No.	Name of the Member	Meetings held during the tenure of the Member	No. of Meetings attended
4	Mr. Rajendra Kumar Saraf*	2	2
5	Ms. Saraswathy Athmanathan@	2	-
6	Mr. Ashwini Kumar Tewari*	NA	NA
7	Mr. Devendra Kumar*	NA	NA

* Mr. Rajendra Kumar Saraf and Mr. Hardayal Prasad were inducted in the Committee w.e.f. August 14, 2019. Mr. Ashwini Kumar Tewari and Mr. Devendra Kumar were inducted in the Committee w.e.f. August 1, 2020 and August 21, 2020, respectively.

@ Mr. Shree Prakash Singh and Mr. Hardayal Prasad, were ceased to be the Members of the Committee from Close of business hours on July 31, 2020. Ms. Saraswathy Athmanathan ceased to be the Member of the Committee w.e.f. August 3, 2019.

Risk Management Committee

The Company has a 'Risk Management Committee' which comprises of three directors out of which two are Non-Executive Nominee Directors and One is Executive Nominee Director, as on March 31, 2020. The composition and the 'Terms of Reference' of the Committee are in conformity with the provisions of Regulation 21 of the Listing Regulations and the NBFC Regulations.

During the financial year ended March 31, 2020, Four Meetings of the Risk Management Committee were held. Date of the meetings are: June 28, 2019, July 25, 2019, October 22, 2019 and January 20, 2020. The names of the Members of the Committee and their attendance at the Meetings are as follows:

Sl. No.	Name of the Member	Meetings held during the tenure of the Member	No. of Meetings attended
1	Mr. Hardayal Prasad*@	2	2
2	Mr. Shree Prakash Singh@	4	3
3	Ms. Saraswathy Athmanathan@	2	-
4	Mr. Sunil Kaul	4	4
5	Mr. Dinesh Kumar Mehrotra*	NA	NA
6	Mr. Ashwini Kumar Tewari*	NA	NA
7	Mr. Devendra Kumar*	NA	NA

* Mr. Hardayal Prasad was inducted in the Committee w.e.f. August 14, 2019. Mr. Dinesh Kumar Mehrotra and Mr. Devendra Kumar were inducted in the Committee w.e.f. July 20, 2020 and August 21, 2020, respectively.

@ Ms. Saraswathy Athmanathan was ceased to be the Member of the Committee w.e.f. August 3, 2019. Mr. Hardayal Prasad and Mr. Shree Prakash Singh were ceased to be the Members of the Committee w.e.f. August 3, 2019 and Close of business hours on July 31, 2020, respectively.

Annual General Meetings

The date and time of the Annual General Meetings held during last three years and the special resolution(s) passed there at, are as follows:

Date	Venue	Time	Special Resolution(s) Passed
September 27, 2019	Unit 401 & 402, 4 th Floor, Aggarwal Millennium Tower E-1,2,3, Netaji Subhash Place, Wazirpur, New Delhi 110 034	11.00 A.M.	Initial Public Offering (“IPO”) of the Company, comprising of combination of a fresh issue and an offer for sale of equity shares by the existing shareholders
September 28, 2018	SBI Card, Board Room, 2 nd Floor, DLF Infinity Tower B, Gurgaon - 122002	11.00 A.M.	None
September 29, 2017	Unit 401 & 402, 4 th Floor, Aggarwal Millennium Tower E-1,2,3, Netaji Subhash Place, Wazirpur, New Delhi 110 034	11.00 A.M.	None

Postal Ballot

No postal ballot was conducted during FY20.

However, during the first quarter of FY21, The Company had sought the approval of shareholders through notice of postal ballot dated May 8, 2020 for approval of the Material Related Party Transactions through an Ordinary Resolution and for ratification of the ‘SBI Cards - Employee Stock Option Plan 2019’ through a Special Resolution, both of the abovementioned resolutions were passed by the Shareholders of the Company with requisite majority.

Further, there is no immediate proposal for passing any resolution through postal ballot.

Means of Communication:

The equity shares of the Company were listed on NSE and BSE on March 16, 2020. Post listing of equity shares,

Quarterly, half-yearly and annual results are published in leading English Newspapers and also in a Hindi language Newspaper as per the requirements of Regulation 47 of the Listing Regulations. The said results are promptly furnished to the Stock Exchanges for display on their respective websites and are also displayed on the Company’s website.

Since the Debentures of the Company were already listed on the BSE Ltd. the Company is also compliant of the necessary provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the Company pertaining to the Listed Debentures.

Press Releases and Presentations made to institutional investors or to the analysts, if any, furnished to the Stock Exchanges for display on their respective websites and are also displayed on the Company’s website.

General Shareholder Information

Annual General Meeting - Date, Time and Venue	Monday, September 28, 2020 at 11.00 a.m through video /other permissible audio-visual means. Deemed Venue for Meeting: Registered Office: Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower E-1,2,3, Netaji Subhash Place, Wazirpur, New Delhi 110 034, India;
Financial Year	01.04.2019 to 31.03.2020
The name and address of each stock exchange(s) at which the listed entity’s securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s);	<ul style="list-style-type: none"> The Equity Shares of the Company are listed on the following Stock Exchanges: <ol style="list-style-type: none"> BSE Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 National Stock Exchange of India Ltd. (NSE) Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 The Non-Convertible Debentures of the Company are listed on BSE. The annual listing fee for FY20 have been paid to both the aforesaid Stock Exchanges. <p>The securities of the Company are not suspended from trading.</p>

Stock Code;	BSE – 543066
	NSE – SBICARD
	ISIN – INE018E01016

e-Initiative: In accordance with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, The requirements of Regulations 36 (1)(b) and (c) and Regulation 58 (1)(b) &(c) of the LODR are dispensed with and hence Annual Report will be forwarded to the shareholders at their registered mail address through electronic mode only. Further annual Report can be downloaded from our website i.e., www.sbicard.com.

Stock Market Price Data

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
March, 2020	769.00	575.00	769.00	575.05

Note: The equity shares of the Company were listed on NSE and BSE on March 16, 2020.

Share Performance v/s BSE Sensex (March 2020)

Month	SBI Card (Closing Price in ₹)	BSE Sensex
March 31, 2020	618.40	29,468.49

Registrar and Transfer Agents and Share Transfer System

The Company's Registrar and Transfer Agent for Equity Shares is the Link Intime India Private Limited ("Link Intime"). All share transfers and related operations are conducted by Link Intime. The Registrar and Transfer Agent for Debt Securities issued by the Company is Zuari Finserv Limited.

For Equity:

Link Intime India Private Limited

C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg, Vikhroli (West)
Mumbai – 400 083
Maharashtra, India
Telephone: +91 22 4918 6200
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

For Debt:

Zuari Finserv Limited

Corporate One, 1st Floor, 5 Commercial Centre, Jasola, New
Delhi – 110025, India
Telephone: 011-41697900,
Facsimile: 011-40638679
Email: rta@adventz.zuarimoney.com
Website: www.zuarimoney.com

Distribution of Shareholding as on March 31, 2020 [Face Value of ₹ 10/- each];

Sr. No.	Shareholding of Shares	Number of Shareholders	% of Total Shareholders	Shares	% of Total Share Capital
1	1 to 500	1966278	99.8132	42545633	4.5312
2	501 to 1000	1413	0.0717	1040157	0.1108
3	1001 to 2000	726	0.0369	1025527	0.1092
4	2001 to 3000	279	0.0142	699755	0.0745
5	3001 to 4000	188	0.0095	652738	0.0695
6	4001 to 5000	137	0.007	637402	0.0679
7	5001 to 10000	282	0.0143	2017361	0.2149
8	10001 to above	655	0.0332	890338221	94.8221
TOTAL :		1969958	100	938956794	100

Dematerialization of Shares and Liquidity;

Trading in the Equity Shares of the Company is permitted only in dematerialized form. As on March 31, 2020, all the Equity Shares were held in dematerialized form.

Outstanding GDRs/ADRs/Warrants/ Options or any Convertible instruments, conversion date and likely impact on equity: Number of Options granted as on 31.3.2020 - 13,343,700 and none of these options were vested as on March 31, 2020.

Plant Locations: NIL

Address for Correspondence for Share Transfer and Related Matters

Ms. Payal Mittal Chhabra Company Secretary and Compliance Officer 2 nd Floor, Tower-B, Infinity Towers, DLF Cyber City, Block 2 Building 3, DLF Phase 2, Gurugram, Haryana 122 002, India Telephone: +91 124 458 9803 E-mail: investor.relations@sbicard.com	Link Intime India Private Limited (Registrar & Share Transfer Agent) C-101, 1 st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083 Maharashtra, India Contact Person: Mr. Ashok Shetty Telephone: +91 22 4918 6200 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in
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Name of the Debenture Trustees with Full Contact Details

Axis Trustee Services Limited

Registered Office: Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai 400025

Corporate Office: The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar west, Mumbai – 400 028

Contact: 022-62300451 Fax: 022-62300700

Contact Person: Mr. Anil Grover, Deputy General Manager, Operations Head

Email: Debenturetrustee@axistrustee.com

Website: www.axistrustee.com

SEBI Registration No.: IN000000494

List of all Credit Ratings Obtained by the Entity Along with any Revisions Thereto During the Relevant Financial Year, for all Debt Instruments of Such Entity or any Fixed Deposit Programme or any Scheme or Proposal of the Listed Entity Involving Mobilization of Funds, Whether in India or Abroad

The credit ratings of the company as at the end of March 31, 2020 are as below:

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

During the financial Year ended March 31, 2020, there were no revisions in the Credit Rating obtained by the Company.

Other Disclosures:

- Related Party Transactions:** Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large: **None**

Suitable disclosures as required by Ind AS 24 – Related Party Transactions have been made in the Annual Report.

All the Related Party Transactions are dealt with in accordance with the provisions of the Companies Act, 2013 and Regulation 23 of the Listing Regulations.

The Company has also formulated a policy on Related Party Transactions. This Policy is available on the

website of the Company and the weblink for the same is <https://www.sbicard.com/sbi-card-en/assets/docs/pdf/who-we-are/notices/rpt-policy.pdf>

- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:**

There were no cases of non-compliance of any matter related to capital markets during the last three years.

- Vigil Mechanism/Whistle Blower Policy:**

In accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has

established a Vigil Mechanism for Directors and Employees to provide a mechanism which provides adequate safeguards to employees and Directors from any victimization on raising of concerns of any unethical practice/non-compliance/irregularity observed.

The details of establishment of such mechanism has also been disclosed on the website of the Company i.e. www.sbicard.com. Further, It is affirmed that no personnel has been denied access to the Audit Committee.

4. **Prevention of Sexual Harassment of Women at Workplace:** Your Company is sensitive to women employees at workplace. Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and subsequent notification of rules in this regard, the Company has adopted the Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During FY20, the company received 5 cases on sexual harassment under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All these cases were investigated by ICC (Internal Complaints Committee) members and closed.

5. **Commodity Price Risk or Foreign Exchange Risk and Hedging Activities;**

The Company enters into 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.

During the year ended March 31, 2020, 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.

6. **Details of utilization of funds raised through preferential allotment or Qualified Institutions Placement as specified under Regulation 32 (7A):**

During the financial year, the Company has not raised any funds through preferential allotment or Qualified Institutions Placement.

7. The Company has received a certificate dated June 26, 2020 from Dr. S Chandrasekaran, (FCS 1644 CP No. 715) Senior Partner, M/s. Chandrasekaran Associates, Company Secretaries, certifying that none of the Directors on the Board of the Company as on the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority. The Copy of the said certificate is annexed to this report.

8. **Web link where policy for determining 'material' subsidiaries is disclosed:** Not Applicable, since the Company does not have any subsidiaries.

9. **There were no instances where the Board had not accepted any recommendation of any Committees of the Board during the financial year ended March 31, 2020.**

10. **Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:** During the financial year ended March 31, 2020, the Company has paid total fees for various services including statutory audit, amounting to ₹ 53.35 lakhs to the Statutory Auditor, namely - M/s. S. Ramanand Aiyar & Co., Chartered Accountants (Registration No. 000990N). The Company has also paid an amount of ₹ 33.00 lakhs to the auditors in relation to IPO assignment and the proportionate expenses (Company's share) ₹ 1.59 lakhs is netted off from 'securities premium account'. No fees was paid by the Company to any entity in the network firm/network entity of which the Statutory Auditor is a part. Further, the Company does not have any subsidiaries.

11. **This Corporate Governance Report of the Company for the financial year ended March 31, 2020 is in compliance with the requirements of Corporate Governance under the Listing Regulations, as applicable.**

12. The Company has complied with all the applicable requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, to the extent applicable.

13. Adoption of discretionary requirements specified in Part E of Schedule II of the Listing Regulations-

- a) Mr. Rajnish Kumar is the Chairman of the Company. He is a Non- Executive Director nominated by the State Bank of India;
- b) Half-yearly and other quarterly financial results are published in newspapers and uploaded on Company's website www.sbicard.com and are also submitted to the Stock Exchanges.

Further, the Company prepare presentation on financial performance on quarterly basis for its investors/analysts and submit the copy of the same with stock exchanges for investors information and the same were also made available on the Company's official website.
- c) Company has submitted a declaration with the stock exchanges that the Statutory Auditors of the Company have issued Audit Report on Audited Financial Results for year ended March 31, 2020 with unmodified opinion.
- d) The Company has separate Internal Audit Department which periodically submit its report directly to the Audit Committee of the Company.

15. Information in terms of Schedule V(F) of the Listing Regulations:

Details of unclaimed suspense Account provided by our Registrar and Transfer Agent are given below:

Sr. No.	Description	No. of shareholder	No. of shares
1	Aggregate number of shareholders and the outstanding shares lying unclaimed as on March 12, 2020	24	1131
2	Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	1	628
3	Number of shareholders to whom shares were transferred from suspense account during the year	1	628
4	Aggregate Number of shareholders and the outstanding shares lying unclaimed as on March 31, 2020	23	503

Voting rights on the shares outstanding in the unclaimed suspense Account remain frozen till the rightful owner of such shares claims the shares.

For and on behalf of the Board

Date: August 21, 2020
Place: Mumbai

Rajnish Kumar
Chairman
DIN: 05328267

**DECLARATION PURSUANT TO PART D OF SCHEDULE V OF SEBI
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To the members of
SBI Cards and Payment Services Limited

Sub: Affirmation of Compliance with Code of Conduct for the Company's Board of Directors and Senior Management Team

I hereby declare that all the Board members and Senior Management Personnel as on March 31, 2020, have affirmed compliance with the Code of Conduct for the Company's Board of Directors and Senior Management Team.

Ashwini Kumar Tewari
Managing Director & CEO
DIN: 08797991

Independent Auditor's Certificate on Corporate Governance

To the Members of

SBI Cards and Payment Services Limited

(Formerly known as SBI Cards and Payment Services Private Limited)

We have examined the compliance of conditions of Corporate Governance by **SBI Cards and Payment Services Limited (Formerly known as SBI Cards and Payment Services Private Limited)** ("the Company") for the year ended on March 31, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C,D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("the Listing Regulations").

Management's Responsibility

The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. Ramanand Aiyar & Co.

Chartered Accountants

Firm's Registration Number: 000990N

R. Balasubramanian

Partner

Membership No. 080432

UDIN : 20080432AAAAIX5793

Place: New Delhi

Date: August 21, 2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members
SBI CARDS AND PAYMENT SERVICES LIMITED
(Formerly known as SBI Cards and Payment Services Private Limited)
Unit 401 & 402, 4th Floor, Aggarwal Millennium
Tower E 1, 2, 3, Netaji Subhash Place,
Wazirpur, New Delhi-110034

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SBI Cards and Payment Services Limited (Formerly known as SBI Cards and Payment Services Private Limited) and having CIN U65999DL1998PLC093849 and having registered office at Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower E 1, 2, 3, Netaji Subhash Place, Wazirpur, New Delhi-110034 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Rajnish Kumar	05328267	13/12/2017
2	Dinesh Kumar Khara	06737041	01/11/2016
3	Hardayal Prasad	08024303	01/02/2018
4	Shree Prakash Singh	08026039	06/07/2018
5	Nilesh Shivji Vikamsey	00031213	14/08/2019
6	Dinesh Kumar Mehrotra	00142711	14/11/2019
7	Rajendra Kumar Saraf	02730755	14/08/2019
8	Tejendra Mohan Bhasin	03091429	28/06/2019
9	Sunil Kaul	05102910	15/12/2017
10	Anuradha Shripad Nadkarni	05338647	14/11/2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Chandrasekaran Associates
Company Secretaries

Dr. S Chandrasekaran
Senior Partner

Membership No. F1644
Certificate of Practice No. 715
UDIN: F001644B000386996

Date: 26.06.2020
Place: Delhi

Independent Auditor's Report

To the Members of SBI Cards and Payment Services Limited

(Formerly known as SBI Cards and Payment Services Private Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SBI Cards and Payment Services Limited (Formerly known as SBI Cards and Payment Services Private Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit and total

comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditor's Response
1.	<p>Accuracy of recognition, measurement, presentation and disclosures of Impairment of financial assets (Expected Credit Loss) in view of adoption of Ind AS 109 "Financial Instruments"</p> <p>In accordance with IND AS 109, the Company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets measured at amortised cost. For recognition of impairment loss on Loans to customers, where no significant increase in credit risk has been observed, such assets are classified in "Stage 1", loans that are considered to have significant increase in credit risk are considered to be in "Stage 2" and those which are in default or for which there is an objective evidence of impairment are considered to be in "Stage 3". Credit risk is measured using Probability of Default (PD), Exposure of Default (EAD), Loss Given Default (LGD).</p>	<p>Principal Audit Procedures</p> <p>Our audit procedures relating to the allowance for credit losses included the following, among others:</p> <ul style="list-style-type: none"> Compliance of the company's accounting policies in relation to impairment allowance with Ind AS 109 was assessed. We evaluated the appropriateness of the ECL model chosen, assessed the reasonableness of the assumptions and estimates and completeness of information used in the estimation of Probability of Default and Loss Given Default. Portfolio categorization into appropriate stages (Stage 1, Stage 2 and Stage 3) for purposes of measurement of ECL was analysed on the basis of their past-due status.

Sr. No.	Key Audit Matters	Auditor's Response
	<p>Further, for corporate portfolio, Company's credit risk function also segregates loans with specific risk characteristics based on trigger events identified using sufficient and credible information available from internal sources supplemented by external data. Impairment allowance for these exposures are reviewed and accounted on a case by case basis.</p> <p>Considering the degree of estimation involved in the model and computation of impairment loss allowance along with the significance of the amount and its impact on the financial statements of the company, this area has been considered as a Key Audit Matter.</p> <p>Refer Note 38.2.2 to the Financial Statements</p>	<ul style="list-style-type: none"> In case of specific provision against corporate advances, the relevance of trigger events and amount of additional provision was reviewed on case to case basis. Disclosures in relation to estimated credit losses have been audited and presented in the Financial Statements.
2	<p>Management overlay on ECL model due to COVID-19.</p> <p>The Government of India mandated a nation-wide "Lockdown" to enforce social distancing and slow the spread of COVID19 in the country from Mar 25, 2020 till May 17, 2020. These restrictions are expected to cause large-scale disruptions in consumer spending and sector specific disruption in areas like travel and tourism, Hospitality, Aviation etc.</p> <p>The current ECL model does not cater to future economic deterioration expected due to COVID-19 fall out and is not forward looking as it is based on past historical data.</p> <p>Accordingly, in anticipation of the expected economic fallout, the company projected peak stage level deterioration and has devised overlays on the ECL model to bring provision more in line with expected impact of the macro-economic situation relevant to company's customers and business.</p> <p>Further, in line with the Reserve Bank of India Circulars/Instructions dated March 27, 2020 and April 17, 2020, the Company has offered moratorium on the payments which are due from March 01, 2020 to May 31, 2020 to its customers who are standard, even if overdue as on February 29, 2020 and also classified such accounts under stage 2, and who have availed moratorium as of reporting date, due to significant increase in credit risk. Refer Note 38.2.2 to the Financial Statements</p>	<p>Principal Audit Procedures</p> <p>Our audit procedures relating to the Incremental allowance for credit losses included the following, among others.</p> <ul style="list-style-type: none"> Compliance of the company's management overlay over ECL policies approved by Board of Directors in relation to COVID -19 was assessed. We evaluated the appropriateness of the model chosen, assessed the reasonableness of the assumptions and estimates and completeness of information used in the estimation of incremental Credit Loss due to expected future economic deterioration. Portfolio categorization into appropriate stages (Stage 1, Stage 2 and Stage 3) for purposes of measurement of incremental impairment allowance was analysed. We evaluated the prudential regulatory support measures such as temporary repayment moratorium allowed to its Customers and their asset classification in accordance with the Moratorium policy duly approved by the Board of Directors of the Company and as per ICAI Advisories for recognition of the impairments and verify that they are adhered to.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercised professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "1", a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent as applicable.
2. The Comptroller and Auditor General of India has issued the directions and sub directions indicating the areas to be examined in terms of sub section (5) of section 143 of the Companies Act, 2013, the compliance of which is set out in Annexure "2".
3. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards

specified under Section 133 of the Act, read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015;

- e. On the basis of the written representations received from the directors as at March 31, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as at March 31, 2020 from being appointed as director in terms section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure "3". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements - Refer Note 47 to the Financial Statements;
 - ii. The Company did not have any long-term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. Ramanand Aiyar & Co.

Chartered Accountants

Firm's Registration Number: 000990N

R. Balasubramanian

Partner

Membership No. 080432

UDIN : 20080432AAAAEK7652

Place: New Delhi

Date: May 08, 2020

Annexure “1” to Independent Auditors’ Report

(Referred to in our report of even date)

- i) In respect of Company’s fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified, once in a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records, Company, is not having any immovable property. Thus paragraph 3(i)(c) of the Order is not applicable to the company.
- ii) The Company is a NBFC and primarily rendering credit card services. Accordingly, it does not hold any physical inventories. Thus paragraph 3(ii) of the Order is not applicable to the company.
- iii) The Company has granted unsecured loans in the form of credit cards to Nine directors who are parties covered in the register maintained under section 189 of the Companies Act, 2013. The maximum amount outstanding during the year was ₹ 6.97 Lakhs and the year-end balance of such loans was ₹0.04 Lakhs. The Company has granted unsecured loans in the form of credit cards, to Twelve companies covered in the register maintained under section 189 of the Companies Act, 2013. The maximum amount outstanding during the year was 130.84 Lakhs and the year-end balance of such loans was ₹16.98 Lakhs.
- (a) In our opinion, the terms and conditions of the grant of such loans are prima facie, not prejudicial to the Company’s interest.
 - (b) In the case of loans granted in the form of credit card to the persons listed in the register maintained under section 189 of the Act, the borrowers have been regular in the repayment of the principal and interest as stipulated.
 - (c) There are no overdue amounts in respect of the loan granted to parties listed in register maintained under section 189 of the Act.
- iv) In our opinion and according to the information and explanations given to us, the Company in terms of provision of clause b of proviso to section 185(1) is exempted from section 185(1) of the Companies Act, 2013. All necessary approvals for the transaction done under section 186 have been taken.
- v) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not accepted any deposits from public during the year within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and Rules framed there under.
- vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.
- vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) Amounts deducted/ accrued in the books of account in respect of the undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income tax, Goods and Service Tax, Customs duty, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

There are no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31 2020 for a period of more than six months from the date they became payable.
 - (b) There are no dues in respect of Income Tax, Service Tax, Sales tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Services Tax which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of the Dues	Amount (₹ Lakhs)	Period to which the amount relates	Forum where dispute is pending
Service Tax	1. Demand of service tax on unbilled revenue in case of associated enterprises 2. Demand of Service tax on difference between the gross amounts appearing in income tax return vs the service tax return	958.50*	FY 2007-08 to FY 2011-12	Customs, Excise and Service tax Appellate Tribunal, New Delhi
Service Tax	1. Service tax liability on reverse charge basis for payments made to service providers situated outside India. 2. On alleged wrongful availment of CENVAT credit in respect of call center services.	139.84*	FY 2003-04 to FY 2007-08	Customs, Excise and Service tax Appellate Tribunal, Chandigarh
Service Tax	Service Tax demand on Incentive Income	55.08*	F.Y. 2007-08 to 2008-09	Customs, Excise and Service tax Appellate Tribunal, New Delhi
Service Tax	Service Tax demand on Incentive Income	28.41*	F.Y. 2009-10	Customs, Excise and Service tax Appellate Tribunal, New Delhi
Service Tax	Denial of CENVAT credit in proportion of income derecognized and denial of Cenvat credit on certain input services	2,108.85*	F.Y. 2009-10	Customs, Excise and Service tax Appellate Tribunal, New Delhi
Service Tax	Denial of Cenvat credit in proportion of income derecognized and denial of Cenvat credit on certain input services	624.61*	F.Y. 2010-11 to 2011-12	Customs, Excise and Service tax Appellate Tribunal, New Delhi
Service Tax	Demand of CENVAT Credit of Service tax availed on group medical insurance and group life insurance services of employees and family members	21.04*	FY 2008-09 to 2010-11	Customs, Excise and Service tax Appellate Tribunal, Chandigarh
Service Tax	Demand of Service tax in respect of Mastercard charges due to Service tax not deposited on grossed up basis	16.80*	FY 2012-13 to 2017-18	Principal commissioner of GST and Central Excise
Income Tax Act, 1961	Disallowances of Advertisement	33.99	Assessment Year 2008-09	Commissioner of Income tax (Appeal)
Income Tax Act, 1961	Transfer pricing adjustment and other disallowances	511.25	Assessment Year 2012-13	Income Tax Appellate Tribunal (ITAT)
Employees State Insurance Act, 1948	Failure to pay ESI Contribution on payment made to various contractors	253.20*	FY 2014-15	E.S.I. Court, Gurgaon
	TOTAL	4,751.57		

*Against the above liability amount (includes Interest and Penalty), ₹185.30 Lakhs has been deposited.

- viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Banks or dues to debenture holders. The Company has not taken any loans or borrowings from financial institutions or Government.
- ix) The moneys raised by way of initial public offer of Equity Shares, were applied for the purposes for which they were raised. The Company did not raise any money through public offer of debt instruments and term loans during the year.
- x) According to information and explanations given to us, no fraud by the Company or on the Company by its officers and employees has been noticed or reported during the year. However, certain instances of customer frauds on the Company have been reported during the year. As informed, these primarily relate to fraudulent usage of credit cards issued by the Company. During the financial year 2019-20, the total amount involved in these frauds was ₹ 390.12 Lakhs and the recovery against this amount (pertaining to current year as well as the previous years) is ₹ 386.60 Lakhs.
- xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. However, during the year company has issued following Fixed Rate, Unsecured, Rated, Taxable, Redeemable Listed Non- Convertible Debentures having face value of ₹ 10 Lakhs for each debenture and based on our examination of the records of the company, requirement of Section 42 of Companies Act, 2013 has been complied with and the amount raised has been used for the purpose for which the funds were raised.

Serial No.	Date of Issue of Offer letter	Rate of interest	Nature	Amount of debentures (In ₹ Lakhs)
1	13-05-2019	8.55%	Senior	17,500
2	13-11-2019	7.60%	Senior	41,000
3	13-12-2019	7.50%	Senior	30,000
4	25-02-2020	7.40%	Senior	30,000
5	10-06-2019	8.99%	Subordinate Tier II	10,000

- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is a Non-Deposit accepting Systemically Important Non-Banking Financial Company (NBFC-ND-SI) registered with Reserve Bank of India (RBI) vide Registration Number 14.01328 under section 45 IA of the RBI Act, 1934.

For S. Ramanand Aiyar & Co.

Chartered Accountants

Firm's Registration Number: 000990N

R. Balasubramanian

Partner

Membership No. 080432

UDIN : 20080432AAAAEK7652

Place: New Delhi

Date: May 08, 2020

Annexure “2” to Independent Auditors’ Report

(Referred to in our report of even date)

Report on direction and Sub- directions issued by the Comptroller and Auditor General of India under section 143(5) of Companies Act 2013 on accounts of SBI Cards and Payment Service Limited (Formerly known as SBI Cards and Payment Services Private Limited) for the year ended March 31, 2020.

Annexure – I

Directions for the year 2019-2020

Sr. No.	Particulars	Compliance of Directions
I	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Company has adequate IT systems for recording/ accounting of transactions. All transactions are recorded directly in sub-system which are then interfaced in ERP (Oracle) with no manual intervention.
II	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to company’s inability to repay the loan? If yes, the financial impact may be stated.	There is no such case in the current financial year.
III	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	No such funds have been received/receivable from Central/State Government.

Annexure –II

Sub-Directions under section 143(5) of Companies Act 2013 for the year ended March 31, 2020.

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

1	Investments
Whether the titles of ownership in respect of CGS/ SGS/ Bonds/ Debentures etc. are available in physical/demat form and these, in aggregate, agree with the respective amounts shown in the Company’s books of accounts? If not, details may be stated.	<p>The investments of the Company as on March 31, 2020 are as follows:</p> <ol style="list-style-type: none"> 1001 shares Invested in SBI Foundation, allotted on January 2017. These shares are in physical form and the amount of investment is in agreement with amount shown in the Company’s books of account 112,996 shares invested in PSB Loans Ltd (formerly known as Capita World Platform Pvt. Ltd) in July 2018. These shares are in demat form and the amount of investment is in agreement with the amount shown in Company’s books of account. <p>During the year, company has Investments in liquid schemes of Mutual Funds for a very short duration. These are purchased/sold in physical form and is supported by statement from CAMS/Karvy. The units and amount are in agreement with the data disclosed in company’s books of accounts.</p>
2	Loan
In respect of provisioning requirement of all restructured, rescheduled, renegotiated loan-whether a system of periodical assessment of realisable value of securities available against all such loans is in place and adequate provision has been created during the year? Any deficiencies in this regard, if any, may be suitably commented upon along with financial impact.	The Company offers restructuring of the outstanding advances in equitable monthly instalments to customers, who have shown willingness to pay; but are unable to make the required payment on account of financial stress. All such advances are classified as unsecured and are treated as part of Non-Performing Assets which are classified as stage 3 assets. As per the Company’s policy, adequate provision is created on such assets as per ECL computation against the total outstanding of such advances. As on March 31, 2020, total outstanding of such restructured advances stands at ₹139.46 lakhs against which a provision of ₹93.29 lakhs have been made in the books of account.

Annexure – “3” to the Auditors’ Report

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of SBI Cards and Payment Services Limited (Formerly known as SBI Cards and Payment Services Private Limited) (“the Company”) as at March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. Ramanand Aiyar & Co.

Chartered Accountants
Firm’s Registration Number: 000990N

R. Balasubramanian

Partner
Membership No. 080432
UDIN : 20080432AAAAEK7652

Place: New Delhi
Date: May 08, 2020

Balance Sheet as at March 31, 2020

(Figure in Rupees Lakhs, unless otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
1. Financial Assets			
(a) Cash and cash equivalents	5	51,512.97	73,350.40
(b) Bank Balance other than (a) above	6	16,090.21	4,327.10
(c) Derivative financial instruments	7	-	10.35
(d) Receivables			
(I) Trade Receivables	8	5,444.83	14,882.26
(II) Other Receivables	9	18,017.46	14,590.23
(e) Loans	10	22,81,164.55	17,90,872.72
(f) Investment	11	146.31	146.31
(g) Other financial assets	12	4,033.83	3,061.01
Total financial assets		23,76,410.16	19,01,240.38
2. Non- financial assets			
(a) Current tax assets (Net)	22	954.63	-
(b) Deferred tax assets (Net)	13	27,512.86	16,325.93
(c) Property plant and equipment	14	6,385.31	13,161.60
(d) Capital work in progress	14	1,116.94	433.77
(e) Intangible assets	14	7,777.79	6,460.21
(f) Intangible assets under development	14	1,248.85	1,583.19
(g) Right-of-use Assets	14	16,927.70	-
(h) Other non Financial assets	15	91,945.62	75,411.76
Total non-financial assets		1,53,869.70	1,13,376.46
Total Assets (1+2)		25,30,279.86	20,14,616.84
LIABILITIES AND EQUITY			
Liabilities			
1. Financial liabilities			
(a) Derivative financial instruments	16	43.48	10,953.47
(b) Payables	17		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	0.19
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		72,103.13	66,149.39
(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		780.53	355.96
(c) Debt Securities	18	5,68,544.41	4,07,931.56
(d) Borrowings (Other than Debt Securities) & lease liabilities	19	10,43,281.51	8,27,326.14
(e) Subordinated Liabilities	20	1,24,667.55	1,19,679.85
(f) Other financial liabilities	21	67,127.47	95,768.93
Total financial liabilities		18,76,548.08	15,28,165.49
2. Non- financial liabilities			
(a) Current Tax liabilities (Net)	22	-	7,622.66
(b) Provisions	23	60,262.51	62,841.73
(c) Other non financial liabilities	24	59,347.12	57,209.19
Total non financial liabilities		1,19,609.63	1,27,673.58
Total liabilities (1+2)		19,96,157.71	16,55,839.07
3. Equity			
(a) Equity Share capital	25	93,895.68	83,722.22
(b) Other equity	26	4,40,226.47	2,75,055.55
Total equity		5,34,122.15	3,58,777.77
Total liabilities and equity (1+2+3)		25,30,279.86	20,14,616.84

See accompanying notes to the financial statements

1 to 61

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

Place: New Delhi
Date: May 08, 2020

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

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Nalin Negi
Chief Financial Officer

Place: Gurugram
Date: May 08, 2020

Dr. Tejendra Mohan Bhasin
Director
DIN: 03091429

Payal Mittal Chhabra
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2020

(Figure in Rupees Lakhs, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
1. Revenue from Operations			
(i) Interest Income		4,84,130.13	3,57,571.20
(ii) Income from fees and services		3,97,866.28	3,07,203.69
(iii) Service Charges		11,782.05	12,585.93
(iv) Business development incentive income		32,728.01	21,667.28
(v) Insurance commission income		1,133.62	872.57
(vi) Net gain on fair value changes	27	-	10.35
Total Revenue from operations		9,27,640.09	6,99,911.02
2. Other Income	28	47,588.80	28,774.37
3. Total Income (1+2)		9,75,228.89	7,28,685.39
4. EXPENSES			
(i) Finance costs	29	1,30,092.71	1,00,935.59
(ii) Employee benefits expenses	30	46,837.98	37,893.12
(iii) Depreciation, amortisation and impairment	31	10,379.83	5,521.84
(iv) Operating and other expenses	32	4,18,884.95	3,34,633.79
(v) CSR expenses	33	1,991.95	1,418.54
(vi) Impairment losses & bad debts	34	1,94,024.79	1,14,774.16
(vii) Net loss on fair value changes	27	53.82	-
Total expenses		8,02,266.03	5,95,177.04
5. Profit before tax (3-4)		1,72,962.86	1,33,508.35
6. Tax expense:	35		
Current tax charge/(credit)		59,179.27	54,031.15
Current tax charge/(credit) - previous year		380.50	714.93
Deferred tax charge/(credit)		(15,318.20)	(7,085.53)
Deferred tax charge/(credit) - previous year		4,239.76	(648.79)
Total Tax Expenses		48,481.33	47,011.76
7. Profit after tax for the year (5-6)		1,24,481.53	86,496.59
8. Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities/(asset)		(400.87)	(502.18)
(ii) Income tax relating to items that will not be reclassified to profit or loss		100.89	175.48
Subtotal (A)		(299.98)	(326.70)
B (i) Items that will be reclassified to profit or loss			
(a) Gain/(loss) on forward contracts in hedging relationship		(21.76)	21.76
(ii) Income tax relating to items that will be reclassified to profit or loss		7.60	(7.60)
Subtotal (B)		(14.16)	14.16
Other comprehensive income (A+B)		(314.14)	(312.54)
9. Total Comprehensive Income for the year (7+8)		1,24,167.39	86,184.05
10. Earnings per equity share (for continuing operation):	36		
(1) Basic		13.35	9.45
(2) Diluted		13.21	9.45

See accompanying notes to the financial statements

1 to 61

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

Place: New Delhi
Date: May 08, 2020

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

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Nalin Negi
Chief Financial Officer

Place: Gurugram
Date: May 08, 2020

Dr. Tejendra Mohan Bhasin
Director
DIN: 03091429

Payal Mittal Chhabra
Company Secretary

Cash flow statement for the year ended March 31, 2020

(Figure in Rupees Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax for the year	1,72,962.86	1,33,508.35
Adjustments for :		
Depreciation and amortisation expense	10,379.83	5,521.84
Liabilities written back	(16,366.54)	(109.31)
Impairment loss and provision for doubtful debts	1,94,024.79	1,14,774.16
Net impact of assets derecognize pursuant to adoption of Ind AS 116	51.82	-
Other Interest Income	(387.04)	(1,781.09)
Employee stock options	1,818.29	-
Finance Cost	1,30,092.71	1,00,935.59
Cash outflow towards finance cost	(1,20,763.65)	(93,681.35)
Loss/ (Profit) on sale of property, plant & equipment	23.67	(2.15)
Profit on sale on investments	(66.44)	(38.30)
Fair valuation of derivatives	53.82	(10.35)
Operating profit before working capital changes	3,71,824.12	2,59,117.39
Adjustment for changes in working capital		
Adjustments for (increase) / decrease in operating assets:		
Bank balance other than cash & cash equivalent	(11,763.11)	11,750.26
Trade Receivables	9,437.43	(12,582.36)
Other Receivables	12,939.31	(1,707.58)
Other financial assets	(979.26)	7,971.28
Other non financial assets	(16,533.86)	(21,580.53)
Loans	(6,84,031.12)	(4,89,020.52)
Other financial liabilities	(35,067.01)	11,668.11
Other non financial liabilities	2,137.93	23,039.83
Provisions	7,113.46	13,004.66
Trade payables	6,378.12	13,549.68
Cash from/ (used) in operations before taxes	(3,38,543.99)	(1,84,789.78)
Direct taxes paid (net of refunds)	(68,143.27)	(47,883.75)
Net cash generated/ (used) in operating activities	(4,06,687.26)	(2,32,673.53)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(7,792.12)	(9,643.17)
Proceeds from sale of property, plant and equipment	8.80	30.74
Investment purchased	(1,60,000.00)	(76,646.21)
Investment sold	1,60,066.44	76,538.30
Interest Income	393.48	2,141.03
NET CASH USED IN INVESTING ACTIVITIES (B)	(7,323.40)	(7,579.31)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital (Including security premium)	49,358.70	47,000.00
Proceeds from Debt Securities	20,84,074.14	19,92,835.01
Repayment of Debt Securities	(19,29,316.64)	(18,73,513.81)
Borrowings (Other than Debt Securities)	1,93,150.59	96,091.79
Proceeds from Subordinated Liabilities	10,000.00	25,000.00
Repayment of Subordinated Liabilities	(5,000.00)	(5,000.00)
Interim Dividend Paid (Including dividend distribution tax)	(10,093.55)	-
NET CASH (USED) / GENERATED IN FINANCING ACTIVITIES (C)	3,92,173.24	2,82,412.99

Cash flow statement for the year ended March 31, 2020 (Contd.)

(Figure in Rupees Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	(21,837.43)	42,160.15
Cash and cash equivalents as at the beginning of the year	73,350.40	31,190.25
Cash and cash equivalents as at the end of the year	51,512.97	73,350.40
	(21,837.43)	42,160.15

Note:

- The Cash Flow Statement has been prepared in accordance with the 'Indirect Method' specified in Ind AS 7, Statement of Cash Flows, as per Accounting Standards specified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules 2015.

2. Cash and cash equivalents include:	Amount (In ₹)	Amount (In ₹)
Cash in hand	-	-
Balance with Scheduled banks on		
- Current accounts *	18,272.74	691.37
- Funds in transit (Lying in nodal account of intermediary/payment gateway aggregator)	33,240.23	46,057.03
- Deposit with maturity less than 3 months	-	26,602.00
Cash and cash equivalents at the end of the year	51,512.97	73,350.40

* Current Account balance for the year ended March 31, 2020 includes Rs 13,857.82 lakhs held in Escrow account to meet IPO expenses (Previous year NIL).

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

Place: New Delhi
Date: May 08, 2020

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

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Nalin Negi
Chief Financial Officer

Place: Gurugram
Date: May 08, 2020

Dr. Tejendra Mohan Bhasin
Director
DIN: 03091429

Payal Mittal Chhabra
Company Secretary

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, 2019	83,72,22,224	83,722.22
Changes in equity share capital during the year	10,17,34,570	10,173.46
Balance as at March 31, 2020	93,89,56,794	93,895.68
Balance as at April 01, 2018	78,50,00,002	78,500.00
Changes in equity share capital during the year	5,22,22,222	5,222.22
Balance as at March 31, 2019	83,72,22,224	83,722.22

B. Other Equity

Particulars	Reserve and Surplus					OCI			Total	
	Capital redemption reserve	Statutory reserve	General reserve	Capital reserve created on account of amalgamation	Securities Premium reserve	Retained earnings	Share options outstanding account	Effective Portion of Cash flow hedges		Shares pending allotment pursuant to scheme of amalgamation
Balance as at April 01, 2019	339.90	56,599.46	1,299.39	(7,151.10)	41,777.78	1,72,664.75	-	14.16	9,511.21	2,75,055.55
Addition	-	-	-	-	48,696.45	1,24,481.53	1,818.29	-	-	1,74,996.27
Other comprehensive income, net of income taxes	-	-	-	-	-	(299.98)	-	-	-	(299.98)
Transferred from Retained Earning @ 20%	-	24,896.31	-	-	-	(24,896.31)	-	-	-	-
Transferred to Profit and Loss	-	-	-	-	-	-	-	(14.16)	-	(14.16)
Shares allotment pursuant to scheme of amalgamation	-	-	-	-	-	-	-	-	(9,511.21)	(9,511.21)
Balance as at March 31, 2020	339.90	81,495.77	1,299.39	(7,151.10)	90,474.23	2,71,949.99	1,818.29	-	-	4,40,226.47
Balance as at April 01, 2018	339.90	39,300.14	1,299.39	(7,151.10)	-	1,13,887.73	-	-	9,511.21	1,57,187.27
Addition	-	-	-	-	41,777.78	86,496.59	-	14.16	-	1,28,288.53
Other comprehensive income, net of income taxes	-	-	-	-	-	(326.70)	-	-	-	(326.70)
Transferred from Retained Earning @ 20%	-	17,299.32	-	-	-	(17,299.32)	-	-	-	-
Interim equity dividend	-	-	-	-	-	(8,372.62)	-	-	-	(8,372.62)
Tax on Interim equity Dividend	-	-	-	-	-	(1,720.93)	-	-	-	(1,720.93)
Balance as at March 31, 2019	339.90	56,599.46	1,299.39	(7,151.10)	41,777.78	1,72,664.75	-	14.16	9,511.21	2,75,055.55

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

Place: New Delhi
Date: May 08, 2020

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

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Nalin Negi
Chief Financial Officer

Place: Gurugram
Date: May 08, 2020

Dr. Tejendra Mohan Bhasin
Director
DIN: 03091429

Payal Mittal Chhabra
Company Secretary

Notes

to the Financial Statements for the year ended March 31, 2020

Note 1 ▶ Company overview

SBI Cards and Payment Services Limited, formerly known as SBI Cards and Payment Services Private Limited, (“the Company” or “SBI Card”) was incorporated on May 15, 1998 and is engaged in the business of issuing credit cards to consumers in India. The Company’s registered office is at Netaji Subhash Place, Wazirpur, New Delhi – 110034 and its principal place of business is at DLF Infinity Towers, Gurugram, Haryana, 122002 and is domiciled in India. The Company was incorporated as a joint venture between State Bank of India and GE Capital Mauritius Overseas Investment. On December 15, 2017, GE Capital Mauritius Overseas Investments sold its entire stake (40%) in the Company to State Bank of India (14%) and CA Rover Holdings (26%).

The Company is a Non-Deposit accepting Systemically Important Non-Banking Financial Company (NBFC-ND-SI) registered with Reserve Bank of India (RBI) vide Registration Number 14.01328 under section 45 IA of the RBI Act, 1934. 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 March 01, 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, 2022.

During the year ended March 31, 2020, the Company was converted to Public Limited from Private Limited and Registrar of Companies has issued fresh certificate of incorporation dated August 20, 2019. Further on March 12, 2020 fresh equity shares were allotted pursuant to Initial Public Offer (IPO) and Company was listed with effect from March 16, 2020 on Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE).

Note 2 ▶ Compliance with IND-AS’s

2.1. Statement of Compliance

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.

Note 3 ▶ Basis of preparation of financial statements

3.1. 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 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.

Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company have considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of financial and non-financial assets. The extent to which the COVID-19 pandemic will impact our results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us. The Company has performed sensitivity analysis on the assumptions used and based on current estimates have created additional management overlay on Expected Credit

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Loss (ECL) on loan balances. Refer credit risk section under note 38.2.2 for further details. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

3.2. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals), except as stated otherwise.

3.3. Business Combinations

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values or recognise any new assets or liabilities.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against capital reserve, general reserve and balance with retained earnings in given sequence.
- The identity of the reserves is preserved, and the reserves of the transferor become the reserves of the transferee.

Note 4 ▶ Significant Accounting Policies

4.1. Revenue recognition

The Company's operating revenues are comprised principally of service revenues such as Interest income on financial assets i.e. loans advanced, membership fee earned, transaction revenue earned on interchange including target incentives offered by network 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.

4.1.1. Interest 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 rate method. Interest on impaired substandard financial assets is accounted at net carrying value.

4.1.2. Income from 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.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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

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.

4.1.3. Service Charges

The Company enters into contracts with co-brand partners and other service providers for marketing, sales and promotional activities. The income is recognised in the same period in which related performance is done as per the terms of the business arrangements.

Income from business process management services is recognised when (or as) the company satisfies performance obligation by transferring promised services to the customer.

4.1.4. Business Development Incentive

The Company enters into long-term contracts with network 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. Insurance Commission Income

The Company acts as corporate insurance agent for selling insurance policies to credit card customers and the income arising therefrom is recognised in the same period in which related transactions occurs or services rendered at fair value of consideration net off expected reversals/cancellations.

4.1.6. Income from Investments and Fixed Deposits

Dividend income is recognised when the right to receive the dividend is established.

Income from Fixed Deposit is recognised on accrual basis.

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 three 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.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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. The assets are fully depreciated over the life and residual value of the assets is considered as NIL, for the purpose of depreciation computation.

Capital work- in- progress includes cost of property, plant and equipment under installation/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 straight line method 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	Use of Life
Furniture and Fixtures	10
Office equipment	5
Computers & Computer Equipment	3
Owned Vehicles	8
Computer Server	6

Improvements of leasehold property are depreciated over the period of the lease term or useful life, whichever is shorter.

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

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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.

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.

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.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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 fair value through profit or loss (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 (FVTPL):

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.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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);

For recognition of impairment loss on Loans to customers, where no significant increase in credit risk has been observed, such assets are classified in “Stage 1” and a 12 months ECL is recognised. Loans that are considered to have significant increase in credit risk are considered to be in “Stage 2” and those which are in default or for which there is an objective evidence of impairment are considered to be in “Stage 3”. Lifetime ECL is recognised for stage 2 and stage 3 Loans. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Further, for corporate portfolio, Company’s credit risk function also segregates loans with specific risk characteristics based on trigger events identified using sufficient and credible information available from internal sources supplemented by external data. Impairment allowance for these exposures are reviewed and accounted on a case by case basis. If in subsequent period, credit quality of the corporate loan 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. For further details refer to note 38.2.2

For other financial assets, the Company uses a provision matrix to determine impairment loss allowance on the portfolio of receivables. The provision matrix is based on its historically observed default rates and management judgement/ estimates over the expected life of receivable.

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.

Company estimates such write off to get triggered on accounts which are overdue for 191 days or more from payment due date. Further, for certain commercial accounts carrying specific provision, where the likelihood of recovery of the outstanding is remote, Company may trigger an early charge off on a case to case basis management judgement. 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 rate 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 counterparty to the Company’s foreign currency forward contracts is generally a bank. The Company has derivative financial instruments which are not designated as hedges.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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 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 an identified 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.

Company as a lessee

The Company's lease asset classes primarily consist of Computer server and Building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee,

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payment that depends on index or a rate, and amount to be paid under residual value guarantees. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, the Company uses incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Transition to IND AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Under this option, the Company has recognised lease liability measured at an amount equal to present value of remaining lease payments using the incremental borrowing rate as at April 1, 2019 and corresponding ROU asset is measured at an amount equivalent to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset and a lease liability of 10,021.24 lakhs. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the short-term lease exemption to leases with lease term that ends within 12 months at the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
5. The accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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 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.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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.

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 services 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

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(Figure in Rupees Lakhs, unless otherwise stated)

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.

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.

Employee stock Option Plan

Employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant in accordance with Ind AS 102.

The expense is recognized in the statement of profit and loss with a corresponding increase to the share-based payment reserve, a component of equity. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

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to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

The impact of the revision of the original estimates, if any, is recognized in Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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.

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 a 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's 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.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

(II) Business development incentive: 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.

(III) Card life: 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 with respect to 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.
- Use of significant judgement in estimating future economic scenario to calculate management overlay over base ECL model.

(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 38
- 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.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

- 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) Cost of reward points:** 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.
- (XI) Lease:** The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 5 > Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with banks (of the nature of cash and cash equivalents)		
Current Accounts *	18,272.74	691.37
Funds in transit (lying in nodal account of intermediaries/payment gateway aggregators)	33,240.23	46,057.03
Deposits with maturity less than 3 months	-	26,602.00
Total	51,512.97	73,350.40

(*) Current Account balance for the year ended March 31, 2020 includes ₹13,857.82 lakhs held in Escrow account to meet IPO expenses (Previous year NIL).

Note 6 > Bank Balance other than (5) above

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits (under Lien) with original maturity for more than 3 months but less than 12 months	10,203.70	1.14
Deposits with original maturity for more than 3 months but less than 12 months	1.21	-
Earmarked balances with bank*	5,885.30	4,325.96
TOTAL	16,090.21	4,327.10

(*) Earmarked balances represents non moving balances of customers for more than six months and unidentified receipts kept in a separate bank account.

Note 7 > Derivative Financial Instruments (Assets)

Particulars	As at March 31, 2020	As at March 31, 2019
Part I		
(i) Currency Derivatives		
- Spot and forwards	-	10.35
Total	-	10.35
Part II		
(i) Cash Flow hedging		
- Currency derivatives	-	10.35
Total	-	10.35

Refer note no. 38

Note 8 > Trade receivable

Particulars	As at March 31, 2020	As at March 31, 2019
To be realised within twelve months after reporting date:		
Receivables considered good		
- Unsecured	5,444.83	14,882.26
Receivables which have significant increase in Credit Risk	16.18	-
Less : - Impairment loss allowance	(16.18)	-
Total	5,444.83	14,882.26

The average credit period on sale of services is 30-60 days. No interest is charged on trade receivables from the date of the invoice.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 9 > Other receivables

Particulars	As at March 31, 2020	As at March 31, 2019
To be realised within twelve months after reporting date:		
Receivables considered good		
- Unsecured	8,494.88	6,255.37
Receivables which have significant increase in Credit Risk	86.59	62.88
Total- Gross	8,581.47	6,318.25
To be realised after twelve months after reporting date:		
Receivables considered good		
- Unsecured	9,522.58	8,334.86
Total- Gross	9,522.58	8,334.86
Less : - Impairment loss allowance	(86.59)	(62.88)
Total- Net	18,017.46	14,590.23

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 other receivable VISA and Master Card accounts for 83.9% as at March 31, 2020, 68.6% as at March 31, 2019.

Note 10 > Loans

Others

At Amortized Cost	As at March 31, 2020	As at March 31, 2019
(A)		
Loans & advances to customers		
- To be realised within twelve months after reporting date	21,61,801.25	16,59,863.04
- To be realised after twelve months after reporting date	2,52,259.25	1,92,766.31
Total (A)- Gross	24,14,060.50	18,52,629.35
Less: Impairment loss allowance	(1,32,895.95)	(61,756.63)
Total (A) - Net	22,81,164.55	17,90,872.72
(B)		
(i) Secured by lien on fixed deposits and financial guarantees	30,639.99	24,781.11
(ii) Unsecured	23,83,420.51	18,27,848.24
Total (B)- Gross	24,14,060.50	18,52,629.35
Less: Impairment loss allowance	(1,32,895.95)	(61,756.63)
Total (B)- Net	22,81,164.55	17,90,872.72
(C) Loans in India		
(i) Public sector	153.74	224.16
(ii) Others	24,13,906.76	18,52,405.19
Total (C)- Gross	24,14,060.50	18,52,629.35
Less: Impairment loss allowance	(1,32,895.95)	(61,756.63)
Total (C)- Net	22,81,164.55	17,90,872.72
(D)		
(i) Standard Advances	23,65,621.88	18,07,334.46
Less: - Impairment loss allowance	(1,00,343.08)	(31,643.35)
Total	22,65,278.80	17,75,691.11
(ii) Sub-standard Advances	48,438.62	45,294.89
Less: - Impairment loss allowance	(32,552.87)	(30,113.28)
Total	15,885.75	15,181.61
Total (D) Gross	24,14,060.50	18,52,629.35
Less: Impairment loss allowance	(1,32,895.95)	(61,756.63)
Total (D)- Net	22,81,164.55	17,90,872.72

For details refer note no. 38 under credit risk section.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 11 ▶ Investments

Particulars	As at March 31, 2020	As at March 31, 2019
At Amortized Cost		
Investment to be realised after twelve months after the reporting date		
- Equity instruments	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	146.21
Total	146.31	146.31

During the year ending March 31, 2020, 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
Aditya Birla Liquid Fund	1,82,07,654	56,500.00	56,527.09
Axis Liquid Fund	17,37,612	37,500.00	37,519.55
HDFC Liquid Fund	5,13,047	19,500.00	19,506.04
ICICI Liquid Fund	47,67,524	13,500.00	13,504.52
Nippon India Liquid Fund	5,63,846	27,000.00	27,007.06
SBI Liquid Fund	1,97,024	6,000.00	6,002.18
Total	2,59,86,707	1,60,000.00	1,60,066.44

The details of units purchased and sold during the year ended March 31, 2019 is as below :

Fund Name	Units	Purchase Amount	Sale Amount
DSP BlackRock Liquid Fund	1,38,022	3,500.00	3,501.67
HDFC Liquid Fund	5,42,980	19,500.00	19,514.26
ICICI Liquid Fund	1,01,98,137	27,500.00	27,513.73
Reliance Liquid Fund	1,47,529	6,500.00	6,502.76
SBI Liquid Fund	6,93,183	19,500.00	19,505.88
Total	1,17,19,851	76,500.00	76,538.30

Note 12 ▶ Other Financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
To be realised within twelve months after reporting date:		
- Interest accrued but not due	69.19	73.52
- Notice pay receivables from employees- which have significant increase in Credit Risk	116.54	101.41
- Security deposits		
- Unsecured, considered good	1,701.17	292.84
- Others which have significant increase in Credit Risk	166.35	50.61
- Bank deposits		
- Deposits (under lien for guarantees)	203.32	3.30
- Other Bank Deposit	541.32	-
Less : - Impairment loss allowance	(282.89)	(152.02)
Sub total	2,515.00	369.66
To be realised after twelve months after reporting date:		
- Interest accrued but not due	4.50	6.61
- Security deposits		
- Unsecured, considered good	1,161.17	1,957.74
- Bank deposits		
- Deposits (under lien for guarantees)	353.16	727.00
Sub total	1,518.83	2,691.35
Total	4,033.83	3,061.01

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 13 > Deferred Tax Assets (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
To be adjusted after twelve months after reporting date:		
- Deferred tax asset	27,512.86	16,325.93
Total	27,512.86	16,325.93

For the financial year 2019-20

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	DTA Rate Change and Previous year trueup	Reclassified from equity to profit and loss	Acquisitions/ disposals	Liabilities associated with assets classified as held for sale	Closing balance
Deferred tax (liabilities)/assets in relation to:								
Property, plant and equipment	(139.38)	173.50	-	39.55	-	-	-	73.67
Membership & Processing fee	10,404.65	2,103.62	-	(2,910.83)	-	-	-	9,597.44
Provision for expenses	2,699.21	828.37	-	(581.67)	-	-	-	2,945.91
Staff benefits and statutory dues	795.56	(177.86)	100.89	(49.46)	-	-	-	669.13
Fair valuation of derivatives	(7.60)	1.07	7.60	-	-	-	-	1.07
Deferred revenue	(0.00)	-	-	-	-	-	-	(0.00)
Amortisation of card acquisition cost	(20,289.36)	(4,318.49)	-	5,676.19	-	-	-	(18,931.66)
Provision for doubtful debts & ECL	22,988.11	16,745.60	-	(6,448.60)	-	-	-	33,285.12
Defined benefit obligation	23.27	(4.19)	-	(6.50)	-	-	-	12.58
Debt Issue expenses	(148.53)	(33.41)	-	41.55	-	-	-	(140.39)
Total	16,325.93	15,318.20	108.49	(4,239.77)	-	-	-	27,512.86

There is no unrecognised deductible temporary differences.

For the financial year 2018-19

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Previous year trueup	Reclassified from equity to profit and loss	Acquisitions/ disposals	Liabilities associated with assets classified as held for sale	Closing balance
Deferred tax (liabilities)/assets in relation to:								
Property, plant and equipment	(156.12)	16.74	-	-	-	-	-	(139.38)
Membership & Processing fee	7,338.84	3,065.81	-	-	-	-	-	10,404.65
Provision for expenses	2,693.22	(246.15)	-	252.14	-	-	-	2,699.21
Staff benefits and statutory dues	500.71	294.38	-	0.47	-	-	-	795.56
Fair valuation of derivatives	(60.19)	60.19	(7.60)	-	-	-	-	(7.60)
Deferred revenue	(2,312.00)	2,312.00	-	-	-	-	-	(0.00)
Amortisation of card acquisition cost	(12,854.94)	(7,837.69)	-	403.27	-	-	-	(20,289.36)
Provision for doubtful debts & ECL	13,536.36	9,458.84	-	(7.09)	-	-	-	22,988.11
Defined benefit obligation	-	23.27	-	-	-	-	-	23.27
Debt Issue expenses	(86.67)	(61.86)	-	-	-	-	-	(148.53)
Total	8,599.21	7,085.53	(7.60)	648.79	-	-	-	16,325.93

There is no unrecognised deductible temporary differences.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 14 ▶ Property, plant and equipment, Intangible assets & Right of use assets

Particulars	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment		
A. Carrying amounts of:		
Furniture & Fixture	297.97	236.12
Office equipment	567.61	502.25
Owned Vehicles	5.93	7.66
Computers including server		
- Owned	3,216.10	3,094.77
- On lease	-	6,641.22
Leasehold improvements	2,297.70	1,913.36
Vehicles on Finance Lease	-	766.22
Total	6,385.31	13,161.60
B. Capital work in progress		
Capital work in progress	1,116.94	433.77
Total	1,116.94	433.77
Intangible Assets		
A. Carrying value of other intangible assets		
Computer software	7,777.79	6,460.21
Total	7,777.79	6,460.21
B. Intangible Assets under development		
Intangible assets under development	1,248.85	1,583.19
Total	1,248.85	1,583.19
Right-of-use Assets		
Computer server on lease	8,297.05	-
Building	8,630.65	-
Total	16,927.70	-
Total	33,456.59	21,638.77

14.1 Property Plant and Equipments-Cost

Particulars	Furniture & Fixture	Office equipment	Owned Vehicles	Computers including server (Owned)	Computers including server (leased)	Leasehold Improvements	Vehicles on Finance Lease	Total	Capital work in progress
Balance at April 01, 2018	131.60	537.97	-	2,890.99	4,960.35	1,233.83	810.23	10,564.97	1,333.71
Additions	151.95	189.27	8.09	1,965.63	3,202.51	1,257.78	360.67	7,135.90	401.77
Deletions	(9.42)	(1.05)	-	(1.16)	-	-	(42.28)	(53.91)	(1,301.71)
Balance at March 31, 2019	274.13	726.19	8.09	4,855.46	8,162.86	2,491.61	1,128.62	17,646.96	433.77

Property Plant and Equipments-Accumulated Depreciation

Particulars	Furniture & Fixture	Office equipment	Owned Vehicles	Computers including server (Owned)	Computers including server (leased)	Leasehold Improvements	Vehicles on Finance Lease	Total	Capital work in progress
Balance at April 01, 2018	7.58	48.04	-	447.99	199.18	104.64	114.92	922.35	-
Depreciation during the period	33.20	176.01	0.43	1,313.28	1,322.46	473.61	269.34	3,588.32	-
Eliminated on disposals of assets	(2.77)	(0.11)	-	(0.58)	-	-	(21.86)	(25.32)	-
Balance at March 31, 2019	38.01	223.94	0.43	1,760.69	1,521.64	578.25	362.40	4,485.36	-
Net book value as on March 31, 2019	236.12	502.25	7.66	3,094.77	6,641.22	1,913.36	766.22	13,161.60	433.77

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Property Plant and Equipments-Cost

Particulars	Furniture & Fixture	Office equipment	Owned Vehicles	Computers including server (Owned)	Computers including server (leased)	Leasehold Improvements	Vehicles on Finance Lease	Total	Capital work in progress
Balance at April 01, 2019	274.13	726.19	8.09	4,855.46	8,162.86	2,491.61	1,128.62	17,646.96	433.77
Additions	126.46	241.32	-	1,963.66	-	967.92	-	3,299.36	1,960.38
Reclassified on account of adoption of Ind AS116	-	-	-	-	(8,162.86)	-	-	(8,162.86)	-
Derogcnise pursuant to adoption of Ind AS 116	-	-	-	-	-	-	(1,128.62)	(1,128.62)	-
Deletions	(45.48)	(12.24)	-	(23.12)	-	-	-	(80.84)	(1,277.21)
Balance at March 31, 2020	355.11	955.27	8.09	6,796.00	-	3,459.53	-	11,574.00	1,116.94

Property Plant and Equipments-Accumulated Depreciation

Particulars	Furniture & Fixture	Office equipment	Owned Vehicles	Computers including server (Owned)	Computers including server (leased)	Leasehold Improvements	Vehicles on Finance Lease	Total	Capital work in progress
Balance at April 01, 2019	38.01	223.94	0.43	1,760.69	1,521.64	578.25	362.40	4,485.36	-
Depreciation during the period	34.89	173.29	1.73	1,842.26	-	583.58	-	2,635.75	-
Reclassified on account of adoption of Ind AS116	-	-	-	-	(1,521.64)	-	-	(1,521.64)	-
Derogcnise pursuant to adoption of Ind AS 116	-	-	-	-	-	-	(362.40)	(362.40)	-
Eliminated on disposals of assets	(15.76)	(9.57)	-	(23.05)	-	-	-	(48.38)	-
Balance at March 31, 2020	57.14	387.66	2.16	3,579.90	-	1,161.83	-	5,188.69	-
Net book value as on March 31, 2020	297.97	567.61	5.93	3,216.10	-	2,297.70	-	6,385.31	1,116.94

There has been no impairment losses recognised during the year. The entire property, plant & equipments of the company (present and future) has been given as Collateral Security with a first charge right to consortium bankers.

14.2 Intangible Assets

Particulars	Computer software	Intangible assets under development
At Cost		
Balance at April 1, 2018	4,796.84	2,172.03
Additions	3,996.05	1,385.51
Deletions	-	(1,974.35)
Balance at March 31, 2019	8,792.89	1,583.19
Accumulated amortisation and impairment		
Balance at April 1, 2018	399.17	-
Amortisation charge for the year	1,933.51	-
Deletions/adjustments	-	-
Balance at March 31, 2019	2,332.68	-
Net book value as on March 31, 2019	6,460.21	1,583.19

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Particulars	Computer software	Intangible assets under development
At Cost		
Balance at April 1, 2019	8,792.89	1,583.19
Additions	4,140.77	1,191.88
Deletions	-	(1,526.22)
Balance at March 31, 2020	12,933.66	1,248.85
Accumulated amortisation and impairment		
Balance at April 1, 2019	2,332.68	-
Amortisation charge for the year	2,823.19	-
Deletions/adjustments	-	-
Balance at March 31, 2020	5,155.87	-
Net book value as on March 31, 2020	7,777.79	1,248.85

14.3 Right-of-Use assets

Particulars	Computer server on lease	Building	Total
At Cost			
Balance at April 1, 2019 (Refer note 4.8)	-	10,021.24	10,021.24
Reclassified on account of adoption of Ind AS116	8,162.86	-	8,162.86
Additions	3,705.95	1,513.62	5,219.57
Disposals/adjustments *	-	(35.01)	(35.01)
Balance at March 31, 2020	11,868.81	11,499.85	23,368.66
Accumulated depreciation and impairment			
Balance at April 1, 2019	-	-	-
Reclassified/Creation on account of adoption of Ind AS116	1,521.64	-	1,521.64
Depreciation during the year	2,050.12	2,870.78	4,920.90
Disposals/adjustments	-	(1.58)	(1.58)
Balance at March 31, 2020	3,571.76	2,869.20	6,440.96
Net book value as on March 31, 2020	8,297.05	8,630.65	16,927.70

* It includes adjustment amounting to ₹ 19.63 lakhs on account of change in future rental payments for lease locations

Note 15 > Other non Financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
To be realised within twelve months after reporting date:		
- Service tax/GST recoverable (Service tax recoverable includes Pre-deposits for appeal and Show cause notices -refer note - 47)		
- Unsecured, considered good	7,403.55	8,663.96
- Unsecured, considered doubtful	11,370.08	11,946.91
Total - Gross	18,773.63	20,610.87
Less : - Impairment loss allowance	(11,370.08)	(11,946.91)
Total (A)- Net	7,403.55	8,663.96
- Prepaid expenses	4,007.72	2,447.42
- Unamortised Card acquisition cost	10,256.58	9,236.35
- Other advances		
- Unsecured, considered good	2,395.13	1,503.66
- Unsecured, considered doubtful	50.17	20.67
Total - Gross	16,709.60	13,208.10
Less : - Impairment loss allowance	(50.17)	(20.67)
Total (B)- Net	16,659.43	13,187.43
To be realised after twelve months after reporting date:		
- Prepaid expenses	558.69	4.89
- Unamortised Card acquisition cost	64,964.57	48,826.15
- Advance income tax (net of provision)	2,359.38	4,729.33
Total (C)- Net	67,882.64	53,560.37
Total Net (A+B+C)	91,945.62	75,411.76

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 16 ▶ Derivative Financial Instruments (Liabilities)

Particulars	As at March 31, 2020	As at March 31, 2019
Part I		
(i) Currency Derivatives		
- Spot and forwards	43.48	10,953.47
Total	43.48	10,953.47
Part I (a)		
(i) Cash Flow hedging		
- Currency derivatives	43.48	10,953.47
Total	43.48	10,953.47

Refer note no 38

Note 17 ▶ Payables

Particulars	As at March 31, 2020	As at March 31, 2019
Payable within twelve months after reporting date:		
(I) Trade payables*		
(i) total outstanding dues of micro enterprises and small enterprises	-	0.19
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises*	72,103.13	66,149.39
Total (A)	72,103.13	66,149.58
(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		
(a) total outstanding dues to employees	75.80	168.27
(b) total outstanding dues to capital creditors	704.73	187.69
Total (B)	780.53	355.96
Total (A+B)	72,883.66	66,505.54

(*) 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 payables are paid within the pre agreed credit terms.

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

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting period	-	0.19
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting period	-	-
(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 period	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting period	-	-
(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.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 18 ▶ Debt Securities

At amortized cost

Particulars	As at March 31, 2020	As at March 31, 2019
(A)		
(i) Commercial paper		
- To be settled within twelve months after reporting date;	2,54,196.58	2,11,984.32
(ii) Debentures		
- To be settled within twelve months after reporting date;	1,39,990.45	-
- To be settled after twelve months after reporting date;	1,74,357.38	1,95,947.24
Total (A)	5,68,544.41	4,07,931.56
(B)		
Debt Securities in India	5,68,544.41	4,07,931.56
Total (B)	5,68,544.41	4,07,931.56

18.1 Details of non-convertible debentures (NCD)

Particulars	As at March 31, 2020	As at March 31, 2019
7.40% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in Feb'25)	30,000.00	-
7.50% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in Mar'23)	30,000.00	-
7.60% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in Feb'23)	41,000.00	-
8.55% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in Aug'22)	17,500.00	-
9.15% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in Jun'22)	45,000.00	45,000.00
8.10% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in May'21)	11,000.00	11,000.00
9.50% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in Oct'20)	50,000.00	50,000.00
7.55% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in Aug'20)	50,000.00	50,000.00
8.90% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in May'20)	40,000.00	40,000.00
Total	3,14,500.00	1,96,000.00
Less: Unamortized Expense	(152.17)	(52.76)
Total	3,14,347.83	1,95,947.24

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 19 > Borrowings (other than debt securities) & lease liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
A		
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;	8,35,644.91	6,05,568.42
(ii) Foreign currency working capital loans		
- To be settled within twelve months after reporting date;	-	1,31,686.82
(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;	1,89,963.59	82,496.88
(c) Finance lease obligations		
Secured*		
- To be settled within twelve months after reporting date;	-	197.26
- To be settled after twelve months after reporting date;	-	517.14
* (Secured by way of hypothecation of vehicles taken on finance lease)		
Unsecured		
- To be settled within twelve months after reporting date;	-	1,648.42
- To be settled after twelve months after reporting date;	-	5,211.20
(d) Lease liabilities		
Unsecured		
- To be settled within twelve months after reporting date;	4,926.37	-
- To be settled after twelve months after reporting date;	12,746.64	-
Total (A)	10,43,281.51	8,27,326.14
(B)		
Borrowings in India	10,43,281.51	8,27,326.14
Total (B)	10,43,281.51	8,27,326.14

Note 19.1 Secured by

Primary Security	Collateral Security	Repayment terms	Guaranteed by
First Charge on entire current assets of the company (present and future) incl. Hypothecation of Receivables.	First Charge on entire property, plant & equipments of the company (present and future), excluding vehicles financed by other institutions.	Within 12 months	NA

Details of Default

NA

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

Note 20 > Subordinated Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
A		
Unsecured non-convertible debentures		
- Redeemable within twelve months after reporting date; and	-	4,999.05
- Redeemable after twelve months after reporting date;	1,24,667.55	1,14,680.80
Total (A)	1,24,667.55	1,19,679.85
(B)		
Subordinated liabilities In India	1,24,667.55	1,19,679.85
Total (B)	1,24,667.55	1,19,679.85

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

20.1 Details of non-convertible debentures

Particulars	As at March 31, 2020	As at March 31, 2019
8.99% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in Jun'29)	10,000.00	-
9.55% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in Jan'29)	25,000.00	25,000.00
8.10% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in Oct'23)	20,000.00	20,000.00
8.30% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in May'23)	50,000.00	50,000.00
9.65% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in Apr'22)	10,000.00	10,000.00
9.00% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in Nov'21)	10,000.00	10,000.00
9.50% Unsecured NCD of ₹ 1,000,000 each (Redeemable at par in Sep'19)	-	5,000.00
Total	1,25,000.00	1,20,000.00
Less: Unamortized Expense	(332.45)	(320.15)
Total	1,24,667.55	1,19,679.85

Net Debt reconciliation for the year ended March 31, 2020

Particulars	Opening Balance	Cashflows	Non Cash Changes		Closing balance
			Interest/ amortization	Foreign Exchange Movement	
Debt Securities					
Commercial Papers	2,11,984.32	36,257.50	5,954.76	-	2,54,196.58
Debentures	1,95,947.24	1,18,500.00	(99.41)	-	3,14,347.83
Borrowings (other than debt securities) & lease liabilities					
Working capital loans	6,88,065.30	3,37,544.15	(0.95)	-	10,25,608.50
Foreign currency working capital loans	1,31,686.82	(1,40,000.02)	-	8,313.20	-
Lease liabilities	7,574.02	(4,393.55)	-	-	14,492.54
Subordinated Liabilities					
Debentures	1,19,679.85	5,000.00	(12.30)	-	1,24,667.55
Total	13,54,937.55	3,52,908.08	5,842.10	8,313.20	17,36,493.47

Net Debt reconciliation for the year ended March 31, 2019

Particulars	Opening Balance	Cashflows	Non Cash Changes		Closing balance
			Interest/ amortization	Foreign Exchange Movement	
Debt Securities					
Commercial Papers	2,33,910.48	(15,678.81)	(6,247.36)	-	2,11,984.32
Debentures	60,982.12	1,35,000.00	(34.88)	-	1,95,947.24
Borrowings (other than debt securities) & lease liabilities					
Working capital loans	6,33,025.52	55,016.33	23.45	-	6,88,065.30
Foreign currency working capital loans	97,200.59	42,500.02	-	(8,013.79)	1,31,686.82
Lease liabilities	5,476.37	(1,424.56)	-	-	3,522.21
Subordinated Liabilities					
Debentures	99,803.74	20,000.00	(123.89)	-	1,19,679.85
Total	11,30,398.82	2,35,412.98	(6,382.68)	(8,013.79)	13,54,937.55

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 21 > Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Payable within twelve month after reporting period:		
Interest accrued	20,702.59	14,562.54
Other liabilities	1,946.07	587.68
Payable to Network Partners	24,015.09	66,668.45
Excess amount from Card holders	20,463.72	13,950.26
Total	67,127.47	95,768.93

Note 22 > Current Tax Liabilities/Assets (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
Tax liability(Net)		
To be settled within twelve months after reporting date:		
- Provision For Tax (net of advance income tax)	-	7,622.66
Total	-	7,622.66
Tax asset(Net)		
To be settled within twelve months after reporting date:		
- Advance income tax (net of provision)	954.63	-
	954.63	-

Note 23 > Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Employee Benefits		
(i) Liabilities to be settled within twelve months after reporting date		
- Provision for compensated absence	333.22	283.24
- Provision for gratuity	362.77	452.21
- Provision for long service awards	130.05	116.35
- Provision for bonus & Incentive Payable	4,883.14	3,466.97
	5,709.18	4,318.77
(ii) Liabilities to be settled after twelve months after reporting date		
- Provision for compensated absence	1,179.02	1,047.46
- Provision for long service awards	653.59	819.85
	1,832.61	1,867.31
Others		
(i) Liabilities to be settled within twelve months after reporting date		
- Provision for reward points redemption	28,618.68	35,902.27
- Provision for expenses-	11,656.28	2,395.10
- Provision for expenses- Related party	476.80	282.92
- Interim equity dividend	-	8,372.62
- Provision for tax on interim equity dividend	-	1,720.93
	40,751.76	48,673.84
(ii) Liabilities to be settled after twelve months after reporting date		
- Provision for reward points redemption	11,968.96	7,981.81
	11,968.96	7,981.81
Total	60,262.51	62,841.73

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 24 > Other non financial liabilities

Particulars	As at	
	March 31, 2020	March 31, 2019
Liabilities to be settled within twelve months after reporting date:		
Revenue received in advance		
- Unamortised membership fees and subvention income	33,243.29	26,265.72
Statutory liabilities	24,803.83	30,780.30
Lease equalisation reserve	-	42.60
Fees received in advance	1,300.00	-
Liabilities to be settled after twelve months after reporting date:		
Lease equalisation reserve	-	120.57
Total	59,347.12	57,209.19

Note 25 > Equity Share Capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
Authorised Capital				
Equity shares of ₹ 10 each	1,50,00,00,000	1,50,000.00	1,05,00,00,000	1,05,000.00
	1,50,00,00,000	1,50,000.00	1,05,00,00,000	1,05,000.00
Issued, Subscribed and Paid up				
Equity shares of ₹ 10 each	93,89,56,794	93,895.68	83,72,22,224	83,722.22
TOTAL	93,89,56,794	93,895.68	83,72,22,224	83,722.22

(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, 2020		As at March 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
Reconciliation of the number of shares				
Balance as at the beginning of the year	83,72,22,224	83,722.22	78,50,00,002	78,500.00
Movements*	10,17,34,570	10,173.46	5,22,22,222	5,222.22
TOTAL	93,89,56,794	93,895.68	83,72,22,224	83,722.22

* During the year ended March 31, 2019 the Company has issued additional 52,222,222 shares through right issues at fair market value of ₹ 90 each aggregating to ₹ 47,000 lakhs.

* During the year ended March 31, 2020 the Company,

- has issued additional 95,112,054 shares pursuant to amalgamation of SBIBPMSL vide Hon'able NCLT order dated June 4, 2019 aggregating to ₹ 9,511.21 lakhs.
- has issued fresh equity shares of 6,622,516 shares through Initial Public Offer at ₹ 10 each aggregating to ₹ 662.25 lakhs

Initial Public Offer :

The Company had made an Initial Public Offer (IPO), during the year ended March 31, 2020 for 137,149,314 equity shares of ₹ 10 each, comprising of a fresh issue of 6,622,516 equity shares by the Company and 130,526,798 equity shares offered for sale by selling shareholders. The Equity shares were issued at a price of ₹ 755 per share (including a Share Premium of ₹ 745). Of the total equity shares, 1,864,669 equity shares were reserved for eligible employees at a discount of ₹ 75 per share. Post public issue, share of State Bank of India and CA Rover Holdings as on March 31, 2020 is 69.51% and 15.89% respectively.

Out of the total proceeds of IPO for ₹ 1,034,078.82 lakh, the Company's share was ₹ 49,932.46 lakh. Total Share Premium received from IPO (net of employee discount) is ₹ 49,270.21 lakhs reduced by the Company's share of IPO related expenses of ₹ 573.76 lakhs.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

(ii) Rights, preferences and restriction attached to shares

The company has only one class of equity share having par value of ₹ 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, 2020		As at March 31, 2019	
	%	Number of Shares	%	Number of Shares
Holding Company				
Shares held by State Bank of India*	69.51%	65,26,33,992	74.00%	61,95,44,445
Shares held by CA Rover Holdings	15.89%	14,91,73,488	26.00%	21,76,77,779

* As at March 31, 2020 five shares are held by nominee individual shareholders of which State Bank is the beneficial owner

Note 26 > Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Capital redemption reserve (refer note 26.1 below)	339.90	339.90
Statutory reserve (refer note 26.2 below)	81,495.77	56,599.46
General reserve (refer note 26.3 below)	1,299.39	1,299.39
Capital reserve (on account of amalgamation) (refer note 26.4 below)	(7,151.10)	(7,151.10)
Securities Premium reserve (refer note 26.5 below)	90,474.23	41,777.78
Retained earnings (refer note 26.6 below)	2,71,949.99	1,72,664.75
Share options outstanding account (refer note 26.7 below)	1,818.29	-
Cash flow hedging reserve (refer note 26.8 below)	-	14.16
Shares pending allotment pursuant to scheme of amalgamation (refer note 26.9 below)	-	9,511.21
TOTAL	4,40,226.47	2,75,055.55

26.1 Capital redemption reserve

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	339.90	339.90
Add: During the year	-	-
Less: Utilised during the year	-	-
Balance at end of year	339.90	339.90

26.2 Statutory reserve

(Under Section 45-IC of the Reserve Bank of India Act, 1934)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	56,599.46	39,300.14
Add: Transferred from Retained Earning @ 20%*	24,896.31	17,299.32
Balance at end of year	81,495.77	56,599.46

26.3 General reserve

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	1,299.39	1,299.39
Add: Amount transferred from Capital Reserve	-	-
Balance at end of year	1,299.39	1,299.39

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

26.4 Capital reserve (on account of amalgamation)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	(7,151.10)	(7,151.10)
Balance at end of year	(7,151.10)	(7,151.10)

26.5 Securities premium reserve

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	41,777.78	-
Add: During the year *	48,696.45	41,777.78
Balance at end of year	90,474.23	41,777.78

* During the year ended March 31, 2020, addition during the year represents premium received from IPO (net of employee discount) ₹ 49,270.21 lakhs reduced by the Company's share of IPO related expenses of ₹ 573.76 lakhs.

26.6 Retained earnings

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	1,72,664.75	1,13,887.73
Add: Profit for the year	1,24,481.53	86,496.59
Less: Interim equity dividend	-	(8,372.62)
Less: Tax on Interim equity dividend	-	(1,720.93)
Add: Transfer From Other Comprehensive Income	(299.98)	(326.70)
Less: Transfer to Statutory reserve (section 45-IC of the Reserve Bank of India Act, 1934)	(24,896.31)	(17,299.32)
Balance at end of year	2,71,949.99	1,72,664.75

26.7 Share Options Outstanding account*

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	-	-
Add: Fair value of stock options	1,818.29	-
Less: Transfer on allotment of shares to employees pursuant to ESOP scheme	-	-
Balance at end of year	1,818.29	-

* Refer note 44

26.8 Cash flow hedge reserve

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	14.16	-
Add: During the year	(21.76)	21.76
Add: Deferred tax adjustment	7.60	(7.60)
Balance at end of year	-	14.16

26.9 Shares pending allotment pursuant to scheme of amalgamation

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	9,511.21	9,511.21
Less: Shares allotment pursuant to scheme of amalgamation	(9,511.21)	-
Balance at end of year	-	9,511.21

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 27 > Net gain/(loss) on fair value changes

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net gain/loss on financial instruments at fair value through profit or loss		
(i) On trading portfolio	-	-
(ii) On financial instruments designated at fair value through profit or loss	(53.82)	10.35
Total	(53.82)	10.35
Fair Value changes:		
- Realised	(10.35)	-
- Unrealised	(43.47)	10.35
TOTAL	(53.82)	10.35

Note 28 > Other income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit on sale of Investment	66.44	38.30
Bad Debts Recovered	30,643.10	25,342.58
Profit on sale of property, plant & equipment	-	2.15
Other Interest Income	387.04	1,781.09
Liabilities/Provisions written back	16,366.54	109.31
Miscellaneous income	81.72	2.95
Net gain on foreign currency transactions	43.96	1,497.99
Total	47,588.80	28,774.37

Note 29 > Finance costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(A) At Amortised cost		
Interest expense on lease liability	1,577.85	634.27
Interest on borrowings	56,083.22	42,796.88
Interest on debt securities	55,069.84	35,152.16
Interest on subordinated liabilities	11,057.74	9,049.77
Net Loss on foreign currency transactions and translation (considered as finance cost)	-	2,226.30
Total (A)	1,23,788.65	89,859.38
(B) Financial instruments designated as hedging instruments		
Cost of Hedging	6,304.06	11,076.21
Total (B)	6,304.06	11,076.21
Total (A+B)	1,30,092.71	1,00,935.59

Note 30 > Employee benefits expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	41,973.40	34,017.48
Contribution to provident fund	1,780.18	1,461.67
Contribution to other funds	807.83	749.58
Staff welfare expenses	2,276.57	1,664.39
Total	46,837.98	37,893.12

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 31 ▶ Depreciation, amortisation and impairment

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation & Amortisation expenses	10,379.83	5,521.84
Total	10,379.83	5,521.84

Note 32 ▶ Operating and other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of plastic cards & embossing	4,098.58	3,816.53
Rent and hire charges	-	4,091.16
Short-term lease expense	3,111.27	-
Variable lease expenses	9,728.61	-
Travelling and conveyance	1,815.35	1,848.29
Telephone, fax and postage	5,738.62	5,271.94
Card transaction charges	38,759.52	29,899.58
Advertisement	9,438.64	6,132.77
Sales Promotion	1,49,437.24	1,09,014.12
Insurance expense	1,425.46	1,122.78
Professional & Consulting fees	32,960.10	34,428.50
Fees and Commission expense	65,715.23	58,264.48
Rates and taxes	386.00	436.21
Collection charges	19,504.56	20,385.92
Repairs and maintenance	2,364.03	2,320.88
Auditor's remuneration (refer note 39)	53.35	69.40
Power and fuel	541.59	631.91
Printing, stationery and office supplies	4,353.24	3,658.13
Royalty Expenses	2,489.63	1,729.93
Reward points redemption	56,227.73	41,307.47
Surcharge Waiver to Customer	4,106.16	3,326.72
Donation	264.00	90.02
Data processing charges	6,314.77	6,753.77
Other Expenses	27.60	33.28
Loss on sale of property, plant & equipment	23.67	-
Total	4,18,884.95	3,34,633.79

Note 33 ▶ CSR Expenses

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
CSR Expenses	1,991.95	1,418.54
Total	1,991.95	1,418.54

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Paid in cash	Yet to be paid in cash	Paid in cash	Yet to be paid in cash
(i) Construction/Acquisition of Assets	626.30	-	523.34	-
(ii) On purposes other than (i) above	1,365.65	-	895.20	-
Total	1,991.95	-	1,418.54	-

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 34 ▶ Impairment losses & bad debts

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On loans	1,93,739.29	1,02,701.76
On Others	285.50	12,072.40
Total	1,94,024.79	1,14,774.16

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Bad debt written-off	1,22,599.97	93,371.08
Impairment loss for other assets	178.66	122.77
Impairment loss for other non-financial assets	106.84	11,949.63
Impairment loss for stage 1 & 2 assets	68,699.73	6,991.42
Impairment loss for stage 3 assets	2,439.59	2,339.26
Total	1,94,024.79	1,14,774.16

Note 35 ▶ Tax expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax		
In respect of the current year	59,179.27	54,031.15
In respect of prior year	380.50	714.93
	59,559.77	54,746.08
Deferred tax		
In respect of the current year	(15,318.20)	(7,085.53)
In respect of prior year	4,239.76	(648.79)
Total income tax expense recognised in the current year	48,481.33	47,011.76

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax from continuing operations	1,72,962.86	1,33,508.35
Income tax expense calculated at 25.168% * (2018-2019: 34.944%)	43,531.29	46,653.16
Corporate social responsibility/Others	329.78	292.46
Total	43,861.07	46,945.62
Adjustments recognised in the current year in relation to the current tax/ deffered tax of prior years	4,620.26	66.14
Income tax expense recognised in profit or loss	48,481.33	47,011.76

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	-	175.48
Total current tax recognised in other comprehensive income	-	175.48
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	-	175.48
Total	-	175.48
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	100.89	-
Remeasurement of fair value of derivative	7.60	(7.60)
Total deferred tax recognised in other comprehensive income	108.49	(7.60)
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	100.89	-
Items that may be reclassified to profit or loss	7.60	(7.60)
Total	108.49	(7.60)

* The Taxation Laws (Amendment) Act, 2019, dated December 12, 2019 provides an option for Indian companies to pay income tax at a concessional rate of 22% (plus surcharge and cess) thus reducing the effective corporate tax rate in India to 25.168% as compared to the current effective corporate tax rate of 34.944% subject to the condition that the companies opting for such concessional rate will not take advantage of other tax exemptions or incentives under Indian tax laws. We have opted in favor of this voluntary concessional tax regime, and are not permitted to subsequently opt out of it.

Note 36 ▶ Earnings/ (loss) per equity share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a. Net Profit After Tax	1,24,481.53	86,496.59
b. Weighted average of number of equity shares used in computing basic per share (in lakhs)	9,326.96	9,150.22
c. Weighted average of number of equity shares used in computing diluted earnings per share (in lakhs) *	9,419.90	9,150.22
d. Basic earning per share (a/b)	13.35	9.45
e. Diluted earning per share (a/c)	13.21	9.45

* Includes effect of dilution on account of Employee Stock Option, for the year ended March 31, 2020.

Note 37 ▶ Impact of application of Ind AS 115 Revenue from Contracts with Customers

The Company derives revenue from a variety of services contracts with customers which are governed by Ind AS 115 such as interchange income, membership fee, business development incentive income and other fees such as ATM fees, late payment etc. Below table shows the revenue from contracts with customers.

Revenue from Services	For the year ended March 31, 2020	For the year ended March 31, 2019
Income from fees and services *	3,97,866.28	3,07,203.69
Service Charges	11,782.05	12,585.93
Business development incentive income	32,728.01	21,667.28
Insurance commission income	1,133.62	872.57
Total Revenue	4,43,509.96	3,42,329.47

* In line with RBI circular dated March 27, 2020 and April 17, 2020 the Company has extended moratorium to eligible customers as per Board approved policy and accordingly provisioned for reversal of late fee amounting to ₹ 9,000.89 lakhs in March 2020.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

The Company's accounting policies for its revenue streams are disclosed in detail under Note 4 above.

For Critical accounting estimates, refer note 4.16 to the financial statements.

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 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, 2020, the estimated aggregate consideration allocated to unsatisfied performance obligations for these other value-added services is ₹ 9,522.58 lakhs which is expected to be recognised through financial year 2021, previous period was ₹ 8334.86 lakhs

Receivables from contracts with customers and contract balances

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

Other receivable and contract assets are presented net of impairment in note 8 & 9 of the Balance sheet.

The below table discloses balances in receivables and unbilled receivables.

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivable *	5,444.83	14,882.26
Other receivable	1,201.25	1,107.60
Contract assets (unbilled)	16,816.21	13,482.63
Total-Gross	23,462.29	29,472.49
To be realised within 12 months from reporting date	13,939.71	21,137.63
To be realised after 12 months from reporting date	9,522.58	8,334.86

* Refer note 8 to the financial statement

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 receivables within a time period of 6 months.

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 of unbilled revenue.

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	13,482.63	11,687.80
Movement during the year	3,333.58	1,794.84
Closing balance	16,816.21	13,482.64
To be realised within 12 months from reporting date	7,293.63	5,147.78
To be realised after 12 months from reporting date	9,522.58	8,334.86

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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 March 31, 2020	As at March 31, 2019
Opening balance	58,062.50	37,144.41
Capitalised during the year	58,408.77	49,954.17
Amortised during the year	(41,250.12)	(29,036.08)
Closing balance	75,221.15	58,062.50
To be realised within 12 months from reporting date	10,256.59	9,236.35
To be realised after 12 months from reporting date	64,964.56	48,826.15

The unamortised contract costs are disclosed in note 15 to 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 consisting of 12 months at fair value of the consideration net of expected reversals/ cancellations.

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	26,265.72	17,978.68
Received during the year	69,309.57	52,429.76
Amortised during the year	(62,332.00)	(44,142.72)
Closing balance	33,243.29	26,265.72
To be realised within 12 months from reporting date	33,243.29	26,265.72
To be realised after 12 months from reporting date	-	-

Contract liabilities are disclosed in note 24 to financial statements

Note 38 > 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, 2020	As at March 31, 2019
Tier I Capital	4,22,361.50	2,76,343.65

Details of Tier 2 capital are as follows

Particulars	As at March 31, 2020	As at March 31, 2019
Tier II Capital	1,12,716.48	98,229.34

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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, 2020	As at March 31, 2019
CRAR – Tier I Capital	17.70%	14.86%
CRAR – Tier II Capital	4.72%	5.28%
Total CRAR	22.43%	20.14%

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.

38.1. Financial instruments by category and fair value measurements

The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss Designated upon initial recognition	Financial assets/ liabilities at fair value through OCI Equity instruments designated upon initial recognition	Financial assets/ liabilities Designated as hedging Instruments	Total carrying value	Total fair value
Assets:						
Cash and cash equivalents (Refer Note 5)	51,512.97	-	-	-	51,512.97	51,512.97
Bank Balance other than (a) above (Refer Note 6)	16,090.21	-	-	-	16,090.21	16,090.21
Derivative Asset (Refer Note 7)	-	-	-	-	-	-
Trade Receivable (Refer Note 8)	5,444.83	-	-	-	5,444.83	5,444.83
Other receivable (Refer Note 9)	18,017.46	-	-	-	18,017.46	16,666.52
Loans (Refer Note 10)	22,81,164.55	-	-	-	22,81,164.55	22,56,035.63
Investments (Refer Note 11)	0.10	-	146.21	-	146.31	146.31
Other Financial assets (Refer Note 12)						
Security deposits & others	2,862.34	-	-	-	2,862.34	2,636.93
Accrued Interest	73.69	-	-	-	73.69	73.55
Fixed Deposits	1,097.80	-	-	-	1,097.80	1,081.63
Total	23,76,263.95	-	146.21	-	23,76,410.16	23,49,688.58
Liabilities:						
Derivative Liabilities (Refer Note 16)	-	43.48	-	-	43.48	43.48
Trade payables (Refer Note 17)	72,103.13	-	-	-	72,103.13	72,103.13
Other payables (Refer Note 17)	780.53	-	-	-	780.53	780.53
Debt Securities (Refer Note 18)	5,68,544.41	-	-	-	5,68,544.41	5,69,847.96
Borrowings (Other than Debt Securities) (Refer Note 19)	10,43,281.51	-	-	-	10,43,281.51	10,43,281.51
Subordinated Liabilities (Refer Note 20)	1,24,667.55	-	-	-	1,24,667.55	1,26,181.69
Other financial liabilities (Refer Note 21)						
Interest accrued	20,702.59	-	-	-	20,702.59	20,702.59
Other liabilities	1,946.07	-	-	-	1,946.07	1,946.07
Payable to Network Partners	24,015.09	-	-	-	24,015.09	24,015.09
Excess amount from Card holders	20,463.72	-	-	-	20,463.72	20,463.72
Total	18,76,504.60	43.48	-	-	18,76,548.08	18,79,365.77

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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	Total carrying value	Total fair value
		Designated upon initial recognition	Equity instruments designated upon initial recognition	Designated as hedging Instruments		
Assets:						
Cash and cash equivalents (Refer Note 5)	73,350.40	-	-	-	73,350.40	73,350.40
Bank Balance other than (a) above (Refer Note 6)	4,327.10	-	-	-	4,327.10	4,327.10
Derivative Asset (Refer Note 7)	-	10.35	-	-	10.35	10.35
Trade Receivable (Refer Note 8)	14,882.26	-	-	-	14,882.26	14,882.26
Other receivable (Refer Note 9)	14,590.23	-	-	-	14,590.23	13,315.93
Loans (Refer Note 10)	17,90,872.72	-	-	-	17,90,872.72	17,70,370.43
Investments (Refer Note 11)	0.10	-	146.21	-	146.31	146.31
Other Financial assets (Refer Note 12)						
Security deposits & others	2,250.58	-	-	-	2,250.58	1,712.87
Accrued Interest	80.13	-	-	-	80.13	79.90
Fixed Deposits	730.30	-	-	-	730.30	716.42
Total	19,01,083.82	10.35	146.21	-	19,01,240.38	18,78,911.97
Liabilities:						
Derivative Liabilities (Refer Note 16)	-	-	-	10,953.47	10,953.47	10,953.47
Trade payables (Refer Note 17)	66,149.58	-	-	-	66,149.58	66,149.58
Other payables (Refer Note 17)	355.96	-	-	-	355.96	355.96
Debt Securities (Refer Note 18)	4,07,931.56	-	-	-	4,07,931.56	4,07,484.16
Borrowings (Other than Debt Securities) (Refer Note 19)	8,27,326.14	-	-	-	8,27,326.14	8,27,326.14
Subordinated Liabilities (Refer Note 20)	1,19,679.85	-	-	-	1,19,679.85	1,19,127.93
Other financial liabilities (Refer Note 21)						
Interest accrued	14,562.54	-	-	-	14,562.54	14,562.54
Other liabilities	587.68	-	-	-	587.68	587.68
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
Total	15,17,212.02	-	-	10,953.47	15,28,165.49	15,27,166.18

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, 2020	As at March 31, 2019		
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

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Financial Asset/ (Financial Liabilities)	Fair value as at		Fair Value Hierarchy	Valuation technique(s) and key input(s)
	As at March 31, 2020	As at March 31, 2019		
Foreign currency forward contracts not designated in hedge accounting relationships (Refer foreign currency risk management related disclosures given below)	(43.48)	10.35	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 3.5% equity investment in Online PSB Loans Ltd (formerly known as Capitaworld platform Private Limited). Company is a fintech startup engaged in the business of providing Smart & Digital lending platform and market place* "	146.21 3.5% equity investment in Online PSB Loans Ltd (formerly known as Capitaworld platform Private Limited). Company is a fintech startup engaged in the business of providing Smart & Digital lending platform and market place* "	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.

*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, instead of 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:

Fair value of the Company's financial assets and liabilities that are not measured at fair value as on March 31, 2020 are:

Particulars	Carrying value	Fair value	Fair value measurement at end of the reporting period/year using		
			Level 1	Level 2	Level 3
Assets:					
Loans	22,81,164.55	22,56,035.63	-	-	22,56,035.63
Other receivable	18,017.46	16,666.52	-	-	16,666.52
Other Financial assets					
Security deposits & others	2,862.34	2,636.93	-	-	2,636.93
Accrued Interest	73.69	73.55	-	-	73.55
Fixed Deposits	1,097.80	1,081.63	-	-	1,081.63
Total	23,03,215.84	22,76,494.26	-	-	22,76,494.26
Liabilities:					
Debt Securities	5,68,544.41	5,69,847.96	1,64,697.31	-	4,05,150.65
Subordinated Liabilities	1,24,667.55	1,26,181.69	36,367.70	-	89,813.99
Total	6,93,211.96	6,96,029.65	2,01,065.01	-	4,94,964.64

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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
Assets:					
Loans	17,90,872.72	17,70,370.43	-	-	17,70,370.43
Other receivable	14,590.23	13,315.93	-	-	13,315.93
Other Financial assets					
Security deposits & others	2,250.58	1,712.87	-	-	1,712.87
Accrued Interest	80.13	79.90	-	-	79.90
Fixed Deposits	730.30	716.42	-	-	716.42
Total	18,08,523.96	17,86,195.55	-	-	17,86,195.55
Liabilities:					
Debt Securities	4,07,931.56	4,07,484.16	45,288.00	-	3,62,196.16
Subordinated Liabilities	1,19,679.85	1,19,127.93	25,368.75	-	93,759.18
Total	5,27,611.41	5,26,612.10	70,656.75	-	4,55,955.35

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

C. Reconciliation of Level 3 fair value measurements

Particulars	Unlisted shares irrevocably as at FVTOCI as at March 31, 2020	Unlisted shares irrevocably as at FVTOCI as at March 31, 2019
Opening balance	146.21	-
Total gains or losses:		
in profit or loss	-	-
in other comprehensive income	-	-
Purchases	-	146.21
Issues	-	-
Disposals/ settlements	-	-
Transfers out of level 3	-	-
Closing balance	146.21	146.21

38.2. 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.

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.

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to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

38.2.1. 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 borrowings which are 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.

Description	As at March 31, 2020	As at March 31, 2019
Assets (upto one year)	5,54,995.47	3,95,384.64
Liabilities (upto one year)	14,24,721.89	10,38,581.17
Mismatch	(8,69,726.42)	(6,43,196.53)

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 and assets which are open to repricing risk (assuming all other variables are held constant):

Description	As at March 31, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
50 bps Shock Impact- One year Profits	(4,348.63)	4,348.63	(3,215.98)	3,215.98

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 asset and liability are as follows:

Particulars	Liabilities		Assets	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Loans (Other than Debt Securities) (Refer Note 19)	-	1,31,686.82	-	-
Others	5,621.85	3,754.94	5,115.03	12,414.52
Total	5,621.85	1,35,441.76	5,115.03	12,414.52

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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 Impact (Net basis)	As at March 31, 2020	As at March 31, 2019
Currency depreciating by 5%	(25.34)	(6,151.36)
Currency Appreciating by 5%	25.34	6,151.36

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.

Derivative financial instruments

The Company enters into 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	As at March 31, 2020	As at March 31, 2019
Financial Liability (< 6 Months)- Borrowings	Buy	USD	\$1,903.81	69.17	-	1,31,686.82

During the year ended March 31, 2020, 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, 2020 and March 31, 2019.

Particulars	As at March 31, 2020	As at March 31, 2019
Gain/(loss)		
Balance at the beginning of the year	14.16	-
Gain/(loss) recognised in other comprehensive income during the year	(21.76)	21.76
Amount reclassified to profit or loss during the year	-	-
Tax impact on above	7.60	(7.60)
Balance at the end of the year	-	14.16

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to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Contracts not designated under hedge relationship

Cash flow hedging (Spot rate)	Action	Currency	Amount	Exchange rate	As at March 31, 2020	As at March 31, 2019
Financial Asset (< 6 Months)	Sell	USD	\$30.00	75.39	2,261.70	-
Financial Asset (< 6 Months)	Sell	USD	\$12.50	69.17	-	864.63

Unhedged Position of the Company is as follows:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Currency	Amount	Currency	Amount
Financial Liability	\$74.57	5,621.85	\$53.44	3,696.11
	-	-	AUD 1.20	58.83
Financial Asset	\$37.85	2,853.33	\$166.98	11,549.90

38.2.2. Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers fail to fulfil their contractual obligations to the Company. The credit risk management team reports to Chief risk officer. The Chief Risk Officer meets with the Risk Management Committee of Board of Directors (RMCB) independently every quarter.

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 a strong culture of responsible lending across the Company, and robust risk policies and control frameworks, implementing and continually re-evaluating our risk appetite and ensuring there is adequate monitoring 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 customer selection process aims to ensure quality portfolio and lower delinquency.

(i) Retail Customer Selection process

All the fulfilled applications undergo a number of checks which include internal dedupe checks, 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 driven triggers that are based on market knowledge, fraud trends and other portfolio levels indicators.

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(Figure in Rupees Lakhs, unless otherwise stated)

For retail 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 tailor-made 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. 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.

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.

(II) Unsecured Corporate customer selection process

- For all unsecured corporate card exposures, SBI Cards 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 Cards assesses the detailed financials, stock price performance (if listed) trends over the recent past. 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 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.
- 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).

(III) Secured Corporate customer selection process

SBI Cards allows exposure to corporates against liquid securities (e.g. Fixed Deposit & Bank Guarantee). For all secured corporate card exposures, SBI Cards 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.

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(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 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

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).

(l) 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.

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(Figure in Rupees Lakhs, unless otherwise stated)

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.

- Income estimator model: For income-based sourcing, an inflation adjusted indexation is done to derive the current income based on past income docs. For non-income-based segment, income estimation models have been built to derive the income based on onus and bureau variables. The income derived from this model is used to calculate the debt burden ratio which is used as a non-score parameter for portfolio actions.

(II) 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

a) Portfolio Segmentation and Management

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.

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. In the current scenario we have created more granular microsegments and taken a number of portfolio actions on higher risk segments. The actions are in the nature of credit limit reductions, authorisation blocks, as well as declining potentially higher risk transactions.

b) 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.

c) 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.

d) Collections and Recoveries

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

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e) 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

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 just with the Company but also with the industry by means of reports or custom analysis from network (Visa/Mastercard/Rupay) or bureau.

(III) 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 reductions, over limit strategies, cross-sell offers, account blocking etc.

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. Company uses 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 Cards 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. Accounts charged off post 191 days from payment due date are 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% - 2 % 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.

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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 Cards.
- 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 31, 2020	As at March 31, 2019
Cash and bank balances	67,603.18	77,677.50
Derivative Financial Instruments	-	10.35
Trade Receivables	5,444.83	14,882.26
Other Receivables	18,017.46	14,590.23
Loans	22,81,164.55	17,90,872.72
Investment	146.31	146.31
Other Financial Assets	4,033.83	3,061.01
Total	23,76,410.16	19,01,240.38

Loans to customer includes loans secured by lien on Fixed deposits and Bank Guarantee held with third party banks. Secured loans account for 1.34% .as at March 31, 2020, 1.38% as at March 31, 2019 of total loans.

Notes:

- Loans to customers which accounts for 96.0% of total exposure to credit risk, as at March 31, 2020, 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.

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

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

In addition, there is also an internal capping on the single borrower exposure at ₹ 200 Cr.

Single Borrower and Group Borrower exposure as on:

Particulars	Single Borrower exposure	Group Borrower exposure
March 31, 2020	2.80%	4.62%
March 31, 2019	4.10%	8.60%

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

Portfolio segment	As at March 31, 2020	As at March 31, 2019
Corporate - Secured	2,913.83	4,389.62
Corporate - Unsecured	11,518.80	28,252.74
Retail - Secured	27,724.43	29,635.82
Retail - Unsecured	23,71,903.44	17,90,351.17
Total	24,14,060.50	18,52,629.35

(b) Credit quality analysis

Credit grading

The Company classifies credit exposure basis risk characteristics into high/medium/low risk. 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.

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A breakdown of loans by credit quality is given below.

By Portfolio Segment

Credit risk classification/ Staging	As at March 31, 2020	As at March 31, 2019
Strong (Stage 1)	19,06,335.24	16,69,900.02
Satisfactory (Stage 2)	4,59,286.64	1,37,434.43
High Risk (Stage 3)	48,438.62	45,294.89
Total	24,14,060.50	18,52,629.35

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-months 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.

ECL for Corporate Secured = 0, as post 60DPD Bank Guarantee/Fixed Deposit gets revoked 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 FY2018-19 and improved recoveries.

(c) Impairment

Collective measurement model (Retail and Corporate)

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.

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(Figure in Rupees Lakhs, unless otherwise stated)

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

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.

All accounts that have been granted a moratorium as per Board Policy (which is based on RBI Circular dated April 17, 2020) has been classified as significant increase in 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%

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

EAD

Segment wise EAD is calculated using the below formula.

$EAD = \text{Balance Outstanding} + CCF * (\text{Credit Limit} - \text{Balance Outstanding})$, 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. $CCF \% = \text{Utilisation (t+12)} - \text{Utilisation (t)}$ i.e. change of utilization rates over next 1 year, its being floored at 0%

Segment wise PD and LGD as at March 31, 2020, 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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corporate - Unsecured	1.84%	14.58%	100.00%	59.82%	59.82%	100.00%
Retail - Secured	3.66%	6.66%	100.00%	6.94%	6.94%	6.94%
Retail - Unsecured	2.57%	6.53%	100.00%	65.63%	65.63%	65.63%

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

• Individual Measurement (Corporate)

The Company's credit risk function segregates loans with specific risk characteristics based on trigger events identified using sufficient and credible information available from internal sources supplemented by external data.

Specific reserve may be created in following scenarios: -

- Rating of the corporate is downgraded significantly.
- Public news of default or fraud by the corporate or any group company with any lender.
- Adverse reporting in bureau with respect to the corporate or promoters (overdues with other lenders)
- Adverse public information on corporate or associated group.
- Significant Overdues of the corporate or group companies with SBI Card or SBI.
- If corporate exposure is backed by security, and there is a deterioration in the value of the underlying security.

Impairment allowance for these exposures are reviewed and accounted on a case by case basis. Below table states different scenarios and effect of the same on point in time provision.

Classification	Trigger point's	Provision
Stage 2	Rating of the corporate downgraded by 2 notches but still investment grade or, Early warning triggers or, Overdue amount reported in bureau > INR 50K (but not NPA or 90+)	1. PD determination basis external rating 2. LGD will be as applicable for the quarter 3. EAD will be point in time outstanding of the corporate
Stage 3	Rating of the corporate downgraded by 3 notches or current rating falls below investment grade or, NPA with SBI Card, any other group Company > INR 1 lakh	1. PD will be 100% 2. LGD will be as applicable for the quarter 3. EAD will be point in time outstanding of the corporate
Stage 3	Rating of corporate downgraded to C/D category or, Public news of default or fraud by the corporate	1. Provisioning will be 100% of point in time outstanding of the corporate

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to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

The normal ECL model for provisioning will not apply to corporates, where specific reserves are being held.

In the event where above stated conditions show improvement and corporate no longer falls under any of triggers for consistently 3 months, provision is restated basis Collective measurement model.

Management overlay on ECL model due to COVID-19

The COVID-19 global pandemic has given rise to unprecedented challenges in the economic situation. The Government of India mandated a nation-wide "Lockdown" to enforce social distancing and slow the spread of COVID19 in the country from March 25, 2020 till May 17, 2020. These restrictions are expected to cause large-scale disruptions in consumer spending, partial or complete loss of income or jobs, and sector specific disruption in areas like travel and tourism, Hospitality, Aviation etc. Further, to ease the financial burden from this disease, RBI, as per circular dated March 27, 2020 and April 17, 2020, allowed institutions to extend a payment moratorium on all instalments due from March 01, 2020 to May 31, 2020 for its customers. SBI Card has also offered this facility for its eligible customers as per Board approved policy.

The current ECL model does not cater to future economic deterioration expected due to COVID-19 fall out and is not forward looking as it is based on past historical data. Accordingly, in anticipation of the expected economic fallout, the company projected peak stage level deterioration and has devised overlays on the ECL model to bring our provision more in line with expected impact of the macro-economic situation relevant to our customers and business. Further, we have classified all accounts who have availed moratorium as of reporting date under stage 2 due to significant increase in credit risk. We are closely monitoring our asset quality. We are also identifying segments of potential stress and taking suitable actions to manage our exposures. These segments and strategies are being actively monitored and will be refined as more data becomes available.

It may further be noted that since the provisioning is based on current reasonable and supportable information available as of reporting date, the overlay projections may undergo changes based on future economic scenario observed in the next financial year.

The incremental provision created as management overlay for COVID -19 is as follows:

Stage	Management Overlay
Stage 1	33,287.82
Stage 2	14,850.40
Stage 3	787.36
Total	48,925.57

Below table shows stage wise portfolio gross exposure and loss allowance on Loans

Portfolio Segment	As at March 31, 2020			As at March 31, 2019		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Corporate - Secured	2,913.83	-	-	4,389.56	0.06	-
Corporate - Unsecured	5,210.58	6,269.85	38.36	28,028.32	218.23	6.19
Retail - Secured	23,156.62	4,460.18	107.64	28,307.17	1,171.18	157.47
Retail - Unsecured	18,75,054.21	4,48,556.61	48,292.62	16,09,174.97	1,36,044.97	45,131.23
Gross Exposure	19,06,335.24	4,59,286.64	48,438.62	16,69,900.02	1,37,434.44	45,294.89
Less : Impairment loss	65,306.19	35,036.89	32,552.87	25,998.52	5,644.83	30,113.28
Carrying Amount	18,41,029.05	4,24,249.75	15,885.75	16,43,901.50	1,31,789.61	15,181.61

Below table shows the breakup of Impairment loss provision

Portfolio Segment	As at March 31, 2020			As at March 31, 2019		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Corporate - Secured	-	-	-	-	-	-
Corporate - Unsecured	57.25	945.00	38.36	60.78	0.38	-
Retail - Secured	58.80	105.73	7.47	87.30	7.51	12.40
Retail - Unsecured	65,190.14	33,986.16	32,507.04	25,850.44	5,636.94	30,100.89
Total Impairment loss	65,306.19	35,036.89	32,552.87	25,998.52	5,644.83	30,113.28

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

As of March 31, 2020, loss provision includes, specific impairment loss provision for ₹ 436.58 lakhs for Corporate unsecured customers (₹ 398.21 lakhs and 38.36 lakhs for Stage 2 and Stage 3 respectively) and management overlay for COVID-19 as per details mentioned above (NIL as of March 31, 2019).

ECL % as per collective measurement model

ECL percentage	As at March 31, 2020			As at March 31, 2019		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Corporate - Secured	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corporate - Unsecured	1.10%	8.72%	100.00%	0.22%	0.17%	0.00%
Retail - Secured	0.25%	0.46%	6.94%	0.31%	0.64%	7.87%
Retail - Unsecured	1.69%	4.29%	65.63%	1.61%	4.14%	66.70%

ECL % including individual measurement and management overlay

ECL percentage	As at March 31, 2020			As at March 31, 2019		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Corporate - Secured	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corporate - Unsecured	1.10%	15.07%	100.00%	0.22%	0.17%	0.00%
Retail - Secured	0.25%	2.37%	6.94%	0.31%	0.64%	7.87%
Retail - Unsecured	3.48%	7.58%	67.31%	1.61%	4.14%	66.70%

Movement of Impairment loss allowance:

Particulars	Stage 1	Stage 2	Stage 3
Impairment Loss Allowance as at March 31, 2018	19,645.86	5,006.07	27,774.02
Movements during the year			
Addition/Reduction during the year	(1,397.74)	(620.81)	64,923.28
Provision movement due to Write-offs during the year	-	-	(66,113.44)
New Addition during the year	7,750.40	1,259.56	3,529.43
Impairment Loss Allowance as at March 31, 2019	25,998.52	5,644.83	30,113.28

Particulars	Stage 1	Stage 2	Stage 3
Impairment Loss Allowance as at March 31, 2019	25,998.52	5,644.83	30,113.28
Movements during the year			
Addition/Reduction during the year	(3,547.77)	8,433.51	78,314.66
Provision movement due to Write-offs during the year	-	-	(86,292.04)
New Addition during the year *	42,855.44	20,958.55	10,416.97
Impairment Loss Allowance as at March 31, 2020	65,306.19	35,036.89	32,552.87

* Includes management overlay due to COVID -19 of ₹ 48,925.57 lakhs as of March 31, 2020

(d) Movement of Impairment Loss on assets other than Loans

For the year ended March 31, 2019

Particulars	Trade receivable	Other receivables	Other Financial assets	Other non Financial assets
Opening balance	-	88.72	167.91	17.95
Impairment loss created	-	-	122.77	11,949.63
Impairment gain	-	(25.84)	(138.66)	-
Closing Balance	-	62.88	152.02	11,967.58

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

For the year ended March 31, 2020

Particulars	Trade receivable	Other receivables	Other Financial assets	Other non Financial assets
Opening balance	-	62.88	152.02	11,967.58
Impairment loss created	16.18	23.71	138.97	106.84
Impairment gain	-	-	(8.10)	(654.17)
Closing Balance	16.18	86.59	282.89	11,420.25

(e) Credit risk mitigation

The below table shows the cover ratio of total NPA for the portfolio segment

As at March 31, 2019

Non-Performing Loans	Corporate Unsecured	Retail Secured	Retail Unsecured
Loans	6.19	157.47	45,131.24
Loss reserve (ECL)	-	12.40	30,100.89
Coverage	0.00%	7.87%	66.70%

As at March 31, 2020

Non-Performing Loans	Corporate Unsecured	Retail Secured	Retail Unsecured
Loans	38.36	107.64	48,292.62
Loss reserve (ECL)	38.36	7.47	32,507.04
Coverage	100.00%	6.94%	67.31%

38.2.3. 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:

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to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Maturity Analysis of Non Derivative financial assets & liabilities : As at Mar'20

Description	Upto 30/31 days	Over 1 month	Over 2 months	Over 3 months	Over 6 months	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Financial Liabilities									
Debt securities	19,933.55	59,826.66	86,094.40	1,23,299.29	1,05,033.13	1,44,389.99	29,967.39	-	5,68,544.41
Borrowings other than debt securities	5,73,519.02	2,47,910.53	1,82,910.53	23,731.60	2,463.18	8,985.20	3,661.02	100.43	10,43,281.51
Subordinated liabilities	-	-	-	-	-	19,977.17	69,911.23	34,779.15	1,24,667.55
Other Financial Liabilities	41,229.71	17,164.02	14,277.52	44,543.27	16,659.26	-	-	6,137.35	1,40,011.13
Financial Liabilities Total	6,34,682.28	3,24,901.21	2,83,282.45	1,91,574.15	1,24,155.57	1,73,352.36	1,03,539.64	41,016.93	18,76,504.60
Financial Assets									
Cash and cash equivalents	37,655.15	13,857.82	-	-	-	-	-	-	51,512.97
Banks Balances	-	0.56	2.19	101.61	10,100.55	-	-	5,885.30	16,090.21
Loans & Advances	6,24,327.99	3,28,655.12	3,06,164.64	4,98,859.52	2,65,773.89	2,41,497.64	-	15,885.75	22,81,164.55
Investments	-	-	-	-	-	-	-	146.31	146.31
Other Financial Assets	3,366.08	6,759.43	984.67	4,526.12	9,940.28	1,536.55	367.73	15.26	27,496.12
Financial Assets Total	6,65,349.22	3,49,272.93	3,07,151.50	5,03,487.25	2,85,814.72	2,43,034.19	367.73	21,932.62	23,76,410.16

Maturity Analysis of Non Derivative financial assets & liabilities : As at Mar'19

Description	Upto 30/31 days	Over 1 month	Over 2 months	Over 3 months	Over 6 months	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Financial Liabilities									
Debt securities	14,956.52	19,760.57	1,77,267.23	-	-	1,50,976.40	44,970.84	-	4,07,931.56
Borrowings other than debt securities	4,46,220.63	2,46,362.36	15,153.81	87,938.16	25,922.84	5,728.34	-	-	8,27,326.14
Subordinated liabilities	-	-	-	4,999.05	-	9,990.14	79,858.76	24,831.90	1,19,679.85
Other Financial Liabilities	85,158.56	19,313.66	21,284.21	27,219.51	4,879.00	1.50	-	4,418.03	1,62,274.47
Financial Liabilities Total	5,46,335.71	2,85,436.59	2,13,705.25	1,20,156.72	30,801.84	1,66,696.38	1,24,829.60	29,249.93	15,17,212.02
Financial Assets									
Cash and cash equivalents	73,350.40	-	-	-	-	-	-	-	73,350.40
Banks Balances	-	-	-	-	1.14	-	-	4,325.96	4,327.10
Loans & Advances	5,79,407.74	2,83,247.49	2,16,269.94	3,09,434.44	1,94,309.24	1,93,022.55	-	15,181.33	17,90,872.72
Investments	-	-	-	-	-	-	-	146.31	146.31
Other Financial Assets	9,425.02	5,577.91	5,577.91	1,906.81	7,482.97	2,349.33	176.99	36.56	32,533.50
Financial Assets Total	6,62,183.15	2,88,825.40	2,21,847.85	3,11,341.25	2,01,793.35	1,95,371.88	176.99	19,690.16	19,01,230.03

Maturity Analysis of Derivative financial assets & liabilities:

Description	Upto 30/31 days	Over 1 month	Over 2 months	Over 3 months	Over 6 months	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
As at March 31, 2020									
Foreign exchange forward contract Liabilities (Assets)	-	-	-	43.48	-	-	-	-	43.48
As at March 31, 2019									
Foreign exchange forward contract Liabilities (Assets)	5,085.54	5,867.93	-	(10.35)	-	-	-	-	10,943.12

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.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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

Funding Facility	Total Facility	Drawn*	Undrawn
March 31, 2020			
Less than 1 year	16,50,000.00	12,79,805.08	3,70,194.92
March 31, 2019			
Less than 1 year	14,00,000.00	10,31,736.44	3,68,263.56

* does not include lease liability

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, 2020 would increase/decrease by ₹.14.62 Lakhs (for the year ended March 31, 2019 increase/decrease by ₹ 14.62) as a result of the changes in fair value of equity investments measured at FVTOCI.

Note 39 ▶ Auditors' remuneration (excluding GST/Service tax)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit fee	30.00	45.03
Quarterly Limited Review fee	13.00	9.00
Tax audit fee	3.25	4.38
Fee for other services	4.70	7.94
Reimbursement of expenses	2.40	3.05
Total	53.35	69.40

The Company has also paid an amount of ₹ 33.00 lakhs to the auditors in relation to IPO assignment and the proportionate expenses (Company's share) ₹ 1.59 lakhs is netted off from 'securities premium account'.

Note 40 ▶ Movement of provision for reward points redemption and legal cases in accordance with Ind AS 37; Provisions, contingent liabilities and contingent assets is as under:

Reward Points Movement*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a. Provision at the beginning of the year*	43,884.08	31,626.36
b. Net addition during the year	54,718.36	41,359.98
c. Value of points redeemed during the year	(43,912.56)	(30,026.02)
d. Adjustment for change in estimate during the year	(15,540.78)	-
e. Movement on account of unpaid vendors liability	1,438.54	923.75
f. Provision at the end of the year** (a+b-c-d+e)	40,587.64	43,884.08

* The Company provides redemption rate trend, Expiry rate trend, Cost per point, total reward point stock and life of reward points to the actuary for carrying out actuarial valuation of reward point stock. During the current period, Company has changed the estimation method of future reward point redemption and expiry rates to reflect the most accurate value of reward point liability. One-time impact of change as provided by actuary is a gain of ₹ 15540.78 lakhs which is credited to the profit and loss account in the current quarter under other income with a corresponding reduction in reward point liability shown under schedule 23 to the balance sheet.

** Provision for reward points as at March 31, 2020 includes provision as per actuarial valuation of ₹ 36,768.51 lakhs (previous period ₹ 41,503.49 lakhs) and provision for unpaid claims of ₹ 3,819.13 lakhs (previous period ₹ 2,380.59 lakhs)

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Legal Claims:

The below table provide the movement of the provision for cases filed against the Company in the ordinary course of business.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a. Provision at the beginning of the year	14.86	25.61
b. Additions/(Reduction) made during the year	9.19	(6.70)
c. Amount Paid during the year	6.13	4.05
d. Provision at the end of the year (a+b-c)	17.91	14.86

Note 41 ▶ Income and expenditure in foreign currency

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Expenditure in foreign currency (on accrual basis)		
Network and other service charges	40,534.85	23,817.04
Professional fees	888.95	1,846.94
Travel & Conveyance	91.70	30.76
Others	1,157.36	3,878.88
Finance Cost	5,650.98	8,253.88
Income in foreign currency (on accrual basis)		
Business development incentive & Interchange income	38,517.17	27,583.83

Note 42 ▶ Value of Import on CIF basis

During the current year, the Company has imported capital goods amount to ₹ 113.91 lakhs (March 31, 2019 ₹ 421.96 Lakhs.)

Note 43 ▶ Related party disclosures

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

List of related parties

i. Holding Entity

State Bank of India

ii. Entity having significant influence

CA Rover Holdings

iii. Fellow subsidiaries

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.

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(Figure in Rupees Lakhs, unless otherwise stated)

SBI Pension Funds Pvt Ltd.
SBI General Insurance Company Ltd.
SBI Life Insurance Company Ltd.
SBI-SG Global Securities Services Pvt. Ltd.
SBI Funds Management Pvt. Ltd.
SBI Funds Management (International) Private Ltd.
Commercial Indo Bank Llc , Moscow
Bank SBI Botswana Limited
SBI Canada Bank
State Bank of India (California)
State Bank of India (UK) Limited
State Bank of India Servicos Limitada (Brazil)
SBI (Mauritius) Ltd.
PT Bank SBI Indonesia
Nepal SBI Bank Ltd.
Nepal SBI Merchant Banking Ltd.
SBI Foundation (not for Profit Company)
SBI Card employees gratuity fund

iv. Key managerial personnel

Mr. Rajnish Kumar, Director
Mr. Dinesh Kumar Khara, Director
Mr. Hardayal Prasad, MD and CEO
Mr. Nalin Negi, CFO
Ms. Payal Mittal Chhabra, Company Secretary
Dr. Tejendra Mohan Bhasin, Director (from June 28, 2019)
Mr. Nilesh Shivji Vikamsey, Director (from August 14, 2019)
Mr. Rajendra Kumar Saraf, Director (from August 14, 2019)
Mr. Shree Prakash Singh, Director (from July 06, 2018)
Mr. Sunil Kaul, Director
Mr. Anil Jaggia, Director (from September 18, 2018 till January 29, 2019)
Mr. Ashwini Kumar Sharma, Director (till August 05, 2019)
Ms. Saraswathy Athmanathan, Director (till August 03, 2019)
Mr. Devinjit Singh, Director (till September 04, 2018)
Mr. Neeraj Vyas, Director (till June 30, 2018)
Mr. Dinesh Kumar Mehrotra (from November 14, 2019)
Ms. Anuradha Shripad Nadkarni (from November 14, 2019)

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

43.1. Transactions/balances outstanding with related parties for the Year ended/as at March 31, 2020

Particulars	Holding Entity	Entity having significant influence	Fellow Subsidiaries	Key Managerial Personnel
a. Transactions during the year				
Financial Year March 31, 2020				
Advertisement, sales promotion & Collection	2,478.92	-	-	-
Cost allocations received*	246.52	-	-	-
Fees and Commission, bank charges	17,280.41	-	-	-
Commission Received	-	-	3.93	-
Personnel Cost (Managerial remuneration- Salaries & other Allowances)	-	-	-	334.09
Personnel Cost (Managerial remuneration- Post Employment Benifits)	-	-	-	12.45
Personnel Cost (Managerial remuneration- Share based payments)	-	-	-	53.48
Gratuity fund contribution	-	-	1,149.00	-
Interest Income on fixed deposit	81.89	-	-	-
Income on Investment	-	-	2.18	-
Finance charges	66,282.40	-	797.96	-
Borrowings taken	74,12,064.18	-	82,500.00	-
Borrowings repaid	73,20,638.08	-	-	-
Investment Purchased	-	-	6,000.00	-
Investment Sold	-	-	6,000.00	-
Fixed Deposit made	36,791.06	-	-	-
Fixed deposit matured	36,524.17	-	-	-
Royalty expenses	2,489.63	-	-	-
Loans and Advances given and other adjustments	265.48	-	399.35	36.94
Loans and Advances Repaid	270.00	-	409.58	41.80
Insurance Expenses	-	-	153.33	-
Conrtibution to Other Fund	73.59	-	-	-
CSR Contribution	-	-	203.65	-
IPO Expenses (our share)	-	-	30.23	-

IPO expenses related to the selling shareholders have not been considered above as they are not expense of the Company and the same are borne by the Selling Shareholders.

Particulars	Holding Entity	Entity having significant influence	Fellow Subsidiaries	Key Managerial Personnel
b. Balances Outstanding at year End				
Financial Year March 31, 2020				
Trade Payables and Other liabilities	3,223.58	401.26	1,040.79	-
Trade receivables	60.03	-	-	-
Borrowings	9,80,494.91	-	31,500.00	-
Interest and other Payable	11,237.20	-	493.19	-
Cash and Bank Balances**	39,590.05	-	-	-
Loans and Advances***	885.20	-	12.47	1.33
Fixed deposit	509.18	-	-	-
Investments	-	-	0.10	-
Other Recoverable	-	-	2.43	-
Contribution to other fund	6.97	-	-	-
Interest Accrued	16.81	-	-	-

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 March 31, 2020.

*** These amounts represent year-end balances outstanding as at March 31, 2020 on credit cards issued.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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

Particulars	Holding Entity	Entity having significant influence	Fellow Subsidiaries	Key Managerial Personnel
a. Transactions during the year				
Financial Year March 31, 2019				
Advertisement, sales promotion & Collection	2,600.99	-	-	-
Services rendered	280.20	-	-	-
Cost allocations received*	479.78	-	9.75	-
Right issue shares	34,779.99	12,219.99	-	-
Fees and Commission, bank charges	16,361.43	-	19.00	-
Commission Received	-	-	2.95	-
Personnel Cost	-	-	-	407.73
(Managerial remuneration- Salaries & other Allowances)				
Personnel Cost	-	-	-	47.98
(Managerial remuneration- Post Employment Benifits)				
Gratuity fund contribution	-	-	2,140.63	-
Interest Income on fixed deposit	54.64	-	-	-
Finance charges	64,530.24	-	58.75	-
Borrowings taken	50,11,405.75	-	-	-
Fixed asset insurance	-	-	1.59	-
Borrowings repaid	50,21,148.50	-	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	1,203.54	-	-	-
Fixed deposit matured	2,056.95	-	-	-
Royalty expenses	1,577.80	-	-	-
Loans and Advances given and other adjustments	218.33	-	341.36	56.73
Employee Insurance	-	-	67.55	-
Loans and Advances Repaid	229.45	-	336.58	56.66
Conrtibution to Other Fund	40.09	-	-	-

Particulars	Holding Entity	Entity having significant influence	Fellow Subsidiaries	Key Managerial Personnel
b. Balances Outstanding at year End				
Financial Year March 31, 2019				
Trade Payables and Other liabilities	2,375.78	-	5.40	-
Trade receivables	95.81	-	-	-
Dividend Payable	6,195.44	2,176.78	-	-
Borrowings	8,74,755.24	-	2,600.00	-
Interest Payable	8.58	-	-	-
Cash and Bank Balances**	4,378.20	-	-	-
Loans and Advances***	9.83	-	59.47	0.35
Fixed deposit	231.44	-	-	-
Investments	-	-	0.10	-
Conrtibution to Other Fund	4.28	-	-	-
Interest Accrued	8.13	-	-	-

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 March 31, 2019.

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

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 44 ▶ Share based payments

a. SBI Card Employee Stock Option Plan 2019 (the Plan):

On February 22, 2019 pursuant to approval by the shareholders in the Extraordinary General Meeting, the Board has been authorized to introduce, offer, issue and provide share-based incentives to eligible employees of the Company under the Plan. The maximum number of shares under the plan shall not exceed 3% of the paid-up share capital of the Company as on date when the Scheme become effective. The Plan shall be administered by the Nomination and Remuneration Committee of the Board working under the powers delegated by the Board. Options granted under the plan shall vest based on the achievement of defined annual performance parameters as determined by the administrator.

Under the plan, two types of employee stock options are granted, performance-based options & goodwill options. Performance based options are granted as on September 17, 2019 and Goodwill options are granted as on September 18, 2019. Performance based options shall vest with the participants in 4 tranches: – 10%, 20%, 30%, 40% at the end of year 1, 2, 3 and 4 of continued service respectively. However, no options shall vest before 3 months from IPO and the vesting of options shall be contingent upon the Participant being employed with the company and few other defined annual performance parameters. The Goodwill Options shall vest upon completion of 12 months from the Grant Date or 180 days after the date of listing of the Shares of the Company, whichever is later.

i) Summary of options granted under plan:

Type of arrangement	As at March 31, 2020			As at March 31, 2019		
	Avg exercise price per share option (in ₹)	Number of options	Vesting Period	Avg exercise price per share option (in ₹)	Number of options	Vesting Period
Opening balance	-	-	-	-	-	-
Options Granted during the year						
Goodwill options granted during the year	152.10	13,34,500	1 year	-	-	-
Performance options granted during the year						
Tranche 1	152.10	12,00,920	1 year	-	-	-
Tranche 2	152.10	24,01,840	2 year	-	-	-
Tranche 3	152.10	36,02,760	3 year	-	-	-
Tranche 4	152.10	48,03,680	4 year	-	-	-
Exercised during the year	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-
Closing balance	-	1,33,43,700	-	-	-	-

No options are exercised during the year ended March 31, 2020.

ii) Share options outstanding at the end of period have following expiry date and exercise prices.

Grant date	Expiry date	Exercise price (in ₹)	Share options March 31, 2020
Goodwill options- September 18, 2019	September 17, 2020	152.10	13,34,500
Tranche 1 - September 17, 2019	September 16, 2020	152.10	12,00,920
Tranche 2 - September 17, 2019	September 16, 2021	152.10	24,01,840
Tranche 3 - September 17, 2019	September 16, 2022	152.10	36,02,760
Tranche 4 - September 17, 2019	September 16, 2023	152.10	48,03,680
Total			1,33,43,700

Weighted average remaining contractual life of options outstanding (In years)

2.80

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

iii) Fair value at the grant date of options granted during the year ended March 31, 2020

Type of options	Fair value (in ₹)
Goodwill options	49.0
Tranche 1 options	50.5
Tranche 2 options	56.9
Tranche 3 options	64.5
Tranche 4 options	71.2

The fair value of the options is determined on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

Particulars	Goodwill options	Performance based options	Performance based options	Performance based options	Performance based options
		Tranche 1	Tranche 2	Tranche 3	Tranche 4
Expected dividend yield	0%	0%	0%	0%	0%
years to expiration	3.5	3.5 to 3.9	4.5	5.5	6.5
Risk free rates	6.5%	6.5% to 6.6%	6.6%	6.7%	6.8%
Expected volatility	31.1%	30.9% to 31.1%	30.8%	31.1%	31.2%

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time which is considered as equivalent to the life to expiration. In the instant case, the volatility of the Company is computed based on the average volatility of the comparable companies listed on stock exchange.

b. Expense arising from share-based payment transactions

Particulars	March 31, 2020	March 31, 2019
Employee option plan	1,818.29	-
Total expense	1,818.29	-

Note 45 ▶ Leases

45.1. Transition adjustment required on Adoption of Ind AS 116

On adoption of Ind AS 116, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 8.5%.

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

Operating lease commitments disclosed as at March 31, 2019	5,987.34
Discounted using the lessee's incremental borrowing rate of at the date of initial application	5,252.75
Add: finance lease liabilities recognised as at March 31, 2019	7,574.02
(Less): short-term leases recognised on a straight-line basis as expense	124.24
(Less): low-value leases recognised on a straight-line basis as expense	-
(Less): contracts reassessed as service agreements	-
Add: adjustments as a result of a different treatment of extension and termination options	4,892.73
(less): Derecognize pursuant to implementation of IND AS 116	714.40
Add/(less): adjustments relating to changes in the index or rate affecting variable	-
Lease liability recognised as at April 1, 2019	16,880.86
Non Current Portion	3,787.08
Current Portion	13,093.78
Total	16,880.86

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

The associated right-of-use assets for property leases were measured using the modified retrospective method. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at March 31, 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right-of-use assets relate to the following types of assets:

Heads	March 31, 2020	April 1, 2019
Properties	8,630.65	10,021.24
Equipment	8,297.05	6,641.22
Total right-of-use assets	16,927.70	16,662.46

The change in accounting policy affected the following items in the balance sheet on April 1, 2019:

	Property, plant & equipment	Right of use assets	Finance lease obligation	Lease liabilities
Recalssification	(6,641.22)	6,641.22	(6,859.62)	6,859.62
Derecognition	(766.22)	-	(714.40)	-
Recognition	-	10,021.24	-	10,021.24
Total	(7,407.44)	16,662.46	(7,574.02)	16,880.86

45.2. Additional Disclosure

The Company has leases of various offices and equipment. Rental contracts are typically made for fixed periods of 3 to 9 years but may have extension options as described in (II) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018-19 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From April 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable wherever applicable.
- Variable lease payment that are based on an index or a rate if applicable.
- Amounts expected to be payable by the lessee under residual value guarantees if applicable.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option if applicable, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- any lease payments made at or before the commencement date less any lease incentives received if applicable, and
- any initial direct costs if applicable.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

I. Variable lease payments

Estimation uncertainty arising from variable lease payments

Under certain contracts, payments are variable in nature as it depends on number of man hours worked by non-full-time employee in a particular month. Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

II. Extension and termination options

Extension and termination options are included in a number of lease contracts. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

The company has classified computer server used in data center management services as lease. Contractual maturities of lease liabilities on as undiscounted basis are as given below:

Particulars	March 31, 2020	April 1, 2019
Not later than one year	4,926.37	1,854.63
Later than one year and not later than five years	12,646.21	5,719.39
Later than five years	100.43	-
Total minimum lease payments	17,673.01	7,574.02

Note 46 > 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	For the year ended March 31, 2020	For the year ended March 31, 2019
Provident Fund	1,780.18	1,461.67
Employee State Insurance Corporation (ESIC)	61.84	129.01
Contribution to National Pension Scheme	73.59	40.09
Labour Welfare Fund	13.69	5.53
Total	1,929.30	1,636.29

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	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount rate	6.95%	7.60% - 7.65%
Future Salary Increase/Salary escalation	10.00%	10.00%
Expected return on plan assets	0.00%	0.00%
Retirement Age (years)	60 Years	60 Years
Mortality Tables*	2012 - 14	2012 - 14
Employee turnover		
From 21 to 30 years	27.00%	10% - 27%
From 31 to 40 years	11.00%	11% - 14%
From 41 to 50 years	9.00%	6% - 15%
From 51 to 59 years	0.00%	0.00%

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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.

Statement of profit and loss

Net employee benefits expense recognized in the employee cost:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	643.34	475.48
Past service cost	-	-
Administration expenses	-	-
Interest on net defined benefit liability/(asset)	15.37	99.47
(Gains)/losses on settlement	-	-
Components of defined benefit costs recognised in profit or loss	658.71	574.95
Remeasurement on the net defined benefit liability:		
Changes in financial assumptions	297.57	(430.01)
Changes in demographic assumptions	0.00	799.36
Experience adjustments	213.88	188.19
Return on plan assets (excluding amounts included in net interest expense)	(110.58)	(55.37)
Adjustments for restrictions on the defined benefit asset	-	-
Components of defined benefit costs recognised in other comprehensive income	400.87	502.17

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	For the year ended March 31, 2020	For the year ended March 31, 2019
Present value of funded defined benefit obligation	5,384.95	4,174.51
Fair value of plan assets	(5,022.18)	(3,722.30)
Net unfunded obligation status	362.77	452.21
Restrictions on asset recognised	-	-
Net liability arising from defined benefit obligation	362.77	452.21

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening defined benefit obligation	4,174.51	3,161.41
Current service cost	643.34	475.49
Past service cost	-	-
Interest cost	302.36	203.94
Remeasurement (gains)/losses due to:		
Actuarial gains and losses arising from changes in financial assumptions	297.57	(430.01)
Actuarial gains and losses arising from changes in demographic assumptions	-	799.36
Actuarial gains and losses arising from experience adjustments	213.88	188.19
Benefits paid	(246.71)	(223.87)
Liabilities assumed/(settled)	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in a business combination	-	-
Exchange differences on foreign plans	-	-

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	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount Rate		
Impact of increase 50 bps on Defined benefit obligation	-5.04%	-4.61%
Impact of Decrease 50 bps on Defined benefit obligation	5.48%	5.02%
Salary Escalation rate		
Impact of increase 50 bps on Defined benefit obligation	5.29%	4.86%
Impact of Decrease 50 bps on Defined benefit obligation	-4.93%	-4.53%

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.

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	For the year ended March 31, 2020	For the year ended March 31, 2019
Expected Benefits for 1 year	434.42	392.11
Expected Benefits for 2 year	429.73	378.48
Expected Benefits for 3 year	417.03	367.43
Expected Benefits for 4 year	405.30	346.69
Expected Benefits for 5 year	395.02	325.76
Expected Benefits for 6 year	363.31	319.89
Expected Benefits for 7 year	418.26	277.85
Expected Benefits for 8 year	319.23	332.34
Expected Benefits for 9 year	390.69	237.02
Expected Benefits for 10 year and Above	9,643.23	8,210.15
weighted average duration to the payment of these cash flows (in Years)	10.51	9.59

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount rate	6.95%	7.60- 7.65%
Future Salary Increase/Salary escalation	10.00%	10.00%
Retirement Age (years)	60 Years	60 Years
Mortality Tables*	2012-14	2012-14
Employee turnover		
From 21 to 30 years	27.00%	10% - 27%
From 31 to 40 years	11.00%	11% - 14%
From 41 to 50 years	9.00%	6% - 15%
From 51 to 59 years	0.00%	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	For the year ended March 31, 2020	For the year ended March 31, 2019
Defined benefit obligation	1,512.24	1,330.71
Closing defined benefit obligation	1,512.24	1,330.71

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	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount rate	6.95%	7.60% - 7.65%
Increase in Cost of Award	0.00%	0.00%
Retirement Age (years)	60 Years	60 Years
Mortality Tables*	2012-14	2012-14
Employee turnover		
From 21 to 30 years	27.00%	10% - 27%
From 31 to 40 years	11.00%	11% - 14%
From 41 to 50 years	9.00%	6% - 15%
From 51 to 59 years	0.00%	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.

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to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Defined Benefit Obligation of long service award in respect of the employees of the Company are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Defined benefit obligation	783.64	936.20
Closing defined benefit obligation	783.64	936.20

Note 47 > Contingent liabilities

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Claims against the Company not acknowledged as debt		
(a) Demand notices from Service tax department	3,953.14	3,750.95
(b) Claims against the company in the ordinary course of business	1,518.58	1,198.11
(c) Guarantees	11,017.68	731.44
(d) Demand notice from Income tax department	545.24	72.74
(e) Contribution notice from ESIC	253.20	327.40
Total	17,287.84	6,080.64
Pre-deposit against claims	206.35	151.10

Certain show cause notices relating to indirect taxes matters amounting to ₹ 471.70 lakhs (previous period ₹ 471.70 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.

In pursuance to the order dated October 31, 2019 passed under Section 92CA (3) of the Income tax Act, 1961, the Transfer Pricing Officer (TPO) has proposed certain adjustments to the income of company for F.Y. 2015-16. Based on this order, Income Tax Assessing Officer ('AO') has issued a draft order dated December 20, 2019. Company is aggrieved by the aforesaid order and has filed objections before Hon'ble Dispute Resolution Panel (DRP) against the same. Based on the directions issued by Hon'ble DRP, the final assessment order would be issued by the AO. Since the final order has not been received as yet, the demand amount is not ascertainable for the time being. The Company feels that it has a strong case to defend and is confident of winning the matter ultimately.

Note 48 > 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") 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.

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.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 49 > Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounted to ₹ 2,307.70 lakhs as at March 31, 2020, (₹ 2,102.07 lakhs as at March 31, 2019).

Note 50 > 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.

Note 51 > 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. On the basis of 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. The Company has accordingly decided to stop paying GST on International Interchange henceforth and decided to file a refund application for ₹ 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.

Further, on July 16, 2019, the Company has withdrawn refund application for ₹ 654 lakhs for the period April 2018 - February 2019 and have adjusted this amount from tax payable of the subsequent period basis opinion from legal firm and accordingly provision to the extent of ₹ 654 lakhs have been reduced/reversed.

Note 52 > The Company has deposited GST on Interchange Income for the period April 2018 to December 2018 considering them as intra-state supplies for the year ended March 31, 2019. However, post receiving bank wise details of such Interchange Income from network partners, such supplies are held as Inter-state transaction for which IGST is applicable. Consequently, company had filed a refund claim under Section 77 of the CGST Act of ₹ 10841 lakhs which has been rejected by the competent authority and Company has preferred an appeal against such rejection order. The Company has created 100% provision against the refund claim as of March 31, 2019, to mitigate the uncertainty risk considering that the said refund is subject to interpretation of law in view of the above.

Note 53 > Scheme of Amalgamation

The Company amalgamated SBI Business Process Management Services Private Limited (SBIBPMSL) effective April 1, 2018 in line with the Order passed by the Hon'ble National Company Law Tribunal ("NCLT"), dated June 4, 2019. SBIBPMSL was predominantly acting as a captive unit handling business processes of the Company. Upon amalgamation the entire business, including all assets and liabilities of SBIBPMSL stand transferred to and vested in SBI Cards and Payment Services Limited (SBICPSL). Subsequently, 95,112,054 equity shares of ₹ 10 each aggregating to ₹ 951,120,540 has been allotted to the shareholders of erstwhile SBIBPMSL as on July 22, 2019 in the agreed share exchange ratio (i.e. for every 100 fully paid up equity share of ₹ 10 each held in transferor company, the shareholders of transferor company were entitled to receive 403 fully paid up equity shares of ₹ 10 each of the transferee company).

In absence of any specific entry in the Indian Stamp Act, 1899 for amalgamation, which is open to interpretation of the stamp collector, the Company has filed an application dated June 30, 2019 for adjudication of the stamp duty. During the pendency of the adjudication application, it is difficult to provide an estimate of the actual stamp duty that would be leviable on the Company and therefore no provision has been made in the financial statements for the year ended March 31, 2020.

Note 54 > The Board of Directors have declared interim dividend (10%) of Re 1 per equity share of the face value of ₹ 10 for the financial year 2019-20, after the close of the reporting year, in accordance with Section 123(3) of the Companies Act, 2013, as amended.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 55 > SEBI Initial Disclosure requirement (circular No HO/DDHS/CIR/P/2018/144 dt Nov'18)

S. No	Particulars	Details
1	Name of the company	SBI Cards and Payment Services Limited
2	CIN	U65999DL1998PLC093849
3	Outstanding borrowing of company as on March 31, 2020 (in ₹ cr)	₹ 17,364.93 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

Note 56 > SEBI Annual Disclosure requirement (circular No HO/DDHS/CIR/P/2018/144 dt Nov'18)

S. No	Particulars	Details
1	Incremental borrowing done in FY (a)	₹ 1,285.00 Crores
2	Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	₹ 321.25 Crores
3	Actual borrowings done through debt securities in FY (c)	₹ 1,285.00 Crores
4	Shortfall in the mandatory borrowing through debt securities, if any (d) = (b) - (c) {If the calculated value is zero or negative, write ""nil""}	NIL
5	Reasons for short fall, if any, in mandatory borrowings through debt securities	NA

Note 57 > Disclosure in terms of RBI Circular (RBI/2019-20/88) No: DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019.

i) Funding Concentration based on significant counterparty (both deposits and borrowings):

Sr. No.	Number of Significant Counterparties	Amount (₹ crore)	% of Total deposits	% of Total Liabilities
1	8 (Eight)	14,799.22	N.A.	74.14%

ii) Top 20 large deposits (amount in ₹ crore and % of total deposits)

Company is registered as Non-Deposit taking Systemmically Important NBFC, hence N.A.

iii) Top 10 borrowings (amount in ₹ crore and % of total borrowings)*

Sr. No.	Name	Amount (₹ crore)	% of Total Borrowings
1	State Bank of India	9,804.95	56.84%
2	Central Bank of India	1,649.84	9.56%
3	Punjab National Bank	949.90	5.51%
4	Bnak of Baroda	899.92	5.22%
5	Union Bnak of India	700.00	4.06%
6	Azim Premji Trust	250.00	1.45%
7	ICICI Lombard General Insurance Company Ltd	200.00	1.16%
8	Cognizant Technology Solutions India Private Limited	200.00	1.16%
9	Tata Short Term Bond Fund	175.20	1.02%
10	SBI General Insurance Company Limited	150.00	0.87%

* Borrower name consolidated as per benpos report.

Commercial Paper's maturity amount has been considered.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

iv) Funding Concentration based on significant instrument/product

Sr. No.	Name of the instrument/product	Amount (₹ crore)	% of Total Liabilities
1	Bank Lines	10,256.09	51.38%
2	Debentures	4,390.15	21.99%
3	Commercial Papers	2,541.97	12.73%

v) Stock Ratios :

Sr. No.	Name of the instrument/product	% of Total Public Funds	% of Total Liabilities	% of Total Assets
a	Commercial Papers	N.A.	12.73%	10.05%
b	Non-convertible debentures (original maturity <1 year)	N.A.	N.A.	N.A.
c	Other short-term liabilities	N.A.	70.96%	55.98%

* Borrower name consolidated as

- vi) Liquidity represents the ability of the Company to generate sufficient cash flow to meet financial obligations, both under normal and stressed conditions, without liquidating assets or raising funds at unfavourable terms. The operations of Companies' give rise to Asset Liability mismatches and liquidity risks.

In order to address these risks, the Company has a Board approved Asset Liability Management Policy in place prepared on the basis of RBI guidelines and internal factors specific to our business. The policy is reviewed on annual basis. Liquidity is monitored through flow as well stock approaches. The Company also undertakes liquidity risk stress testing at reasonable intervals. Further, the Company is subject to RBI annual financial inspection.

Note 58 ▶ 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	
	March 31, 2020		March 31, 2019	
Liabilities side:	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Loans and advances availed by the NBFC's inclusive of interest accrued thereon but not paid:				
(a) Debentures				
Secured				
Unsecured	4,55,615.94	-	3,30,008.15	-
(Other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	-	-	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	2,54,196.58	-	2,11,984.32	-
(f) Other Loans				
• External commercial borrowings	-	-	-	-
• Cash/Credit Loans*	10,29,710.53	-	8,19,933.60	-
• Finance lease obligation	-	-	7,574.02	-
• lease obligation	17,673.01	-	-	-

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

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Assets side:	Amount outstanding	
	As at March 31, 2020	As at March 31, 2019
2. Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured*	30,639.99	24,781.11
(b) Unsecured	23,83,420.51	18,27,848.24
3. Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
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
4. Break-up of Investments:		
Current Investments:		
1. Quoted:		
(i) Shares:	Nil	Nil
(a) Equity		
(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. Unquoted:		
(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
Long Term investments:		
1. Quoted:		
(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. Unquoted:		
(i) Shares:		
(a) Equity	146.31	146.31
(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 to the extent of lien on fixed deposits and financial guarantees.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

To change the below table

5. Borrower group-wise classification of assets financed as in (2) and (3) above:

Category	Amount net of provisions					
	As at March 31, 2020			As at March 31, 2019		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	16.98	16.98	-	69.30	69.30
(c) Other related parties	-	-	-	-	0.35	0.35
2. Other than related parties	30,466.26	22,50,681.30	22,81,147.57	24,673.90	17,66,129.17	17,90,803.07
Total	30,466.26	22,50,698.28	22,81,164.55	24,673.90	17,66,198.82	17,90,872.72

6. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	As at March 31, 2020		As at March 31, 2019	
	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	0.10	0.10	0.10	0.10
(c) Other related parties	-	-	-	-
2. Other than related parties	146.21	146.21	146.21	146.21
Total	146.31	146.31	146.31	146.31

7. Other Information

Particulars	As at March 31, 2020	As at March 31, 2019
i. Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	48,438.62	45,294.89
ii. Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	15,885.75	15,181.61
iii. Assets acquired in satisfaction of debt	-	-

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

Note 59 > Disclosure of Restructured Accounts

S. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others				
			A	B	C	D	Total	A	B	C	D	Total	A	B	C	D	Total
Asset Classification Details		#	#	#	#		#	#	#	#		#	#	#	#		
1	Restructured accounts as on April 1, 2019	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	1,185	-	-	1,185
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	535.96	-	-	535.96
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	357.05	-	-	357.05
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	167	-	-	167
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	172.66	-	-	172.66
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	115.50	-	-	115.50
3	Upgradations to restructured standard category	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	249	-	-	249
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	570	-	-	570
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	128.00	-	-	128.00
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	85.62	-	-	85.62
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	25	-	-	25
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	22.11	-	-	22.11
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	14.79	-	-	14.79
7	Adjustments as on 31st Mar'20 for payment/provision*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount received	-	-	-	-	-	-	-	-	-	-	-	419.06	-	-	419.06
		Provision adjustments	-	-	-	-	-	-	-	-	-	-	-	278.85	-	-	278.85
8	Restructured Accounts as on March 31, 2020 (S No 1+2-3-4-5-6-7)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	508	-	-	508
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	139.46	-	-	139.46
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	93.29	-	-	93.29

* 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

Note 60 > Additional Disclosures

60.1. Capital

Particulars	As at March 31, 2020	As at March 31, 2019
i) CRAR (%)	22.43%	20.14%
ii) CRAR - Tier I Capital (%)	17.70%	14.86%
iii) CRAR - Tier II Capital (%)	4.72%	5.28%
iv) Amount of subordinated debt raised as Tier-II capital*	1,25,000	1,20,000
v) Amount raised by issue of Perpetual Debt Instruments	-	-

* Qualifying amount as Tier II Capital as at March 31, 2020 is ₹ 83,000 lakhs (Previous Year ₹ 91,000 lakhs). Fresh subordinated debt raised as Tier II during Financial Year 2019-20 is ₹ 10,000 lakhs (Previous year ₹ 25,000 lakhs).

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

60.2. Investments

Particulars	As at March 31, 2020	As at March 31, 2019
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	146.31	146.31
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	146.31	146.31
(b) Outside India	-	-
2 Movement of Provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

60.3. Derivatives

Forward Rate Agreement/Interest Rate Swap

S. No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(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

60.4. Exchange Traded Interest Rate (IR) Derivatives

S. No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(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

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

60.5. Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

S. No.	Particulars	As at March 31, 2020		As at March 31, 2019	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	Hedged Assets	2261.70 (USD 30.00)	Nil	864.63 (USD 12.50)	Nil
	Hedged Liabilities- Loan	Nil	Nil	140,000 (USD 1903.8)	Nil
	Hedged Liabilities- Interests	Nil	Nil	330.78 (USD 4.78)	Nil
(ii)	Marked to Market Positions				
	a) Asset (+)	Nil	Nil	10.35	Nil
	b) Liability (-)	(43.48)	Nil	(10,953.47)	Nil
(iii)	Credit Exposure	Nil	Nil	Nil	Nil
(iv)	Unhedged Exposures	8,475.19	Nil	15,304.84	Nil

Refer note 38 to the financial statements for details

60.6. Disclosures relating to Securitisation

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No of SPVs sponsored by the NBFC for securitisation transactions	Nil	Nil
2	Total amount of securitised assets as per books of the SPVs sponsored	Nil	Nil
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	Nil	Nil
	a) Off-balance sheet exposures	Nil	Nil
	First loss	Nil	Nil
	Others	Nil	Nil
	b) On-balance sheet exposures	Nil	Nil
	First loss	Nil	Nil
	Others	Nil	Nil
4	Amount of exposures to securitisation transactions other than MRR	Nil	Nil
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	Nil	Nil
	Others	Nil	Nil
	ii) Exposure to third party securitisations		
	First loss	Nil	Nil
	Others	Nil	Nil
	b) On-balance sheet exposures		
	i) Exposure to own securitisations	Nil	Nil
	First loss	Nil	Nil
	Others	Nil	Nil
	ii) Exposure to third party securitisations		
	First loss	Nil	Nil
	Others	Nil	Nil

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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

S. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(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

60.8. Details of Assignment transactions undertaken by NBFCs

S. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(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

60.9. Details of non-performing financial assets purchased/sold

Details of Non-performing Financial Assets purchased:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1. (a) No. of accounts purchased during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

Details of Non-performing Financial Assets sold:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1. (a) No. of accounts sold	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2. (a) Aggregate consideration received	Nil	Nil

60.10. Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at March 31, 2020

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	6,24,327.99	3,28,655.12	3,06,164.64	4,98,859.52	2,65,773.89	2,41,497.64	-	15,885.75	22,81,164.55
Investments	-	-	-	-	-	-	-	146.31	146.31
Borrowings *	5,93,452.57	3,07,737.19	2,69,004.93	1,47,030.89	1,07,496.31	1,73,352.36	1,03,539.64	34,879.58	17,36,493.47
Foreign Currency assets	-	-	1,509.86	3,605.17	-	-	-	-	5,115.03
Foreign Currency liabilities	-	5,621.85	-	-	-	-	-	-	5,621.85

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

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	5,79,407.74	2,83,247.49	2,16,269.94	3,09,434.44	1,94,309.24	1,93,022.55	-	15,181.61	17,90,872.72
Investments	-	-	-	-	-	-	-	146.31	146.31
Borrowings *	4,61,177.15	2,66,122.92	1,92,421.04	92,937.21	25,922.84	1,66,694.88	1,24,829.60	24,831.90	13,54,937.55
Foreign Currency assets				4,232.75	8,181.77				12,414.52
Foreign Currency liabilities		3,754.94							3,754.94

* Borrowings includes Foreign currency loan.

60.11. Exposure to Real Estate

Category	As at March 31, 2020	As at March 31, 2019
a) Direct Exposure	Nil	Nil
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	Nil	Nil
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits.	Nil	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures:-		
(a) Residential	Nil	Nil
(b) Commercial real Estate	Nil	Nil

60.12. Exposure to Capital Market

Category	As at March 31, 2020	As at March 31, 2019
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	Nil	Nil
(ii) advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi) loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii) bridge loans to companies against expected equity flows/issues;	Nil	Nil
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market	Nil	Nil

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

60.13. Details of financing of parent company products

The Company has not financed any of the products of its parent company during the financial year 2019-2020.

60.14. 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 March 31, 2020.

60.15. Miscellaneous

60.15.1. Registration obtained from other financial sector regulators

The Company has also obtained registration from the following Regulators.

Registration Authority	Registration No.
Certificate of Incorporation under Companies Act 2013	U65999DL1998PLC093849
Insurance Regulatory and Development Authority of India	CA0075
NBFC Registration	14.01328

60.15.2. Disclosure of Penalties imposed by RBI and other regulators

No penalties have been imposed by any regulators during financial year 2019-2020.

60.15.3. Related Party Transactions

For related party transaction refer note no.43.

60.15.4. 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 2019-20.

60.15.5. Revenue Recognition

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

Note 61 > Additional Disclosures

61.1. Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	As at March 31, 2020	As at March 31, 2019
Provision towards stage 3 assets	32,552.87	30,113.28
Provision for stage 1 and stage 2 assets *	1,00,343.08	31,643.35
Provision made towards Income Tax	-	7,622.66
Provision for Long Service Awards	783.64	936.20
Provision for reward points redemption	40,587.64	43,884.08
Provision for Gratuity	362.77	452.21
Provision for Compensated absences	1,512.24	1,330.70
Provision on Trade Receivable	16.18	-
Provision on Other receivable	86.59	62.88
Provision on Financial assets	282.89	152.02
Provision on Non Financial assets	11,420.25	11,967.58
Provision for Bonus & Incentive Payable	4,883.14	3,466.97
Provision for Other Expenses**	12,133.08	2,678.02

* Includes management overlay for COVID - 19

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

61.2. Draw Down from reserves

There is no draw down from the reserves during the financial year ended March 31, 2020.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

61.3. Concentration of Deposits, Advances, Exposures and NPAs

Concentration of Advances

Particulars	As at March 31, 2020	As at March 31, 2019
Total Advances to twenty largest borrowers*	11,537.44	26,051.78
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.48%	1.41%

* 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.

61.4. Concentration of Exposures

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers/customers*	21,657.79	33,598.76
Percentage of Exposures to twenty largest borrowers/customers to Total Exposures of the NBFC on borrowers/customers	0.17%	0.36%

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

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

61.5. Concentration of NPAs

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top four NPA accounts*	94.72	56.26

* All four NPA accounts has been blocked for transactions. Hence there is an exposure of principal outstanding amount only as the income on this outstanding has already been derecognized as per the accounting policy adopted.

61.6. Sector wise NPAs

Sl No.	Sector	% of NPAs to Total Advances in that sector	As at March 31, 2020	As at March 31, 2019
1	Agriculture & allied activities			
2	MSME			
3	Corporate borrowers - Credit Cards*	0.27%	38.36	13.01
4	Services			
5	Unsecured personal loans			
6	Auto loans			
7	Other personal loans - Credit Cards	2.02%	48,400.25	45,281.89

* In case of Corporate Cards, the NPA includes all the credit cards exposure to that corporate in total. % of NPA is for FY 2019-20.

61.7. Movement of NPAs

Sl No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Net NPAs to Net Advances (%)	0.67%	0.83%
	Movement of NPAs (Gross)		
	(a) Opening balance	45,294.89	41,249.69
	(b) Additions during the year *	1,25,743.69	97,416.28
	(c) Reductions during the year	(1,22,599.97)	(93,371.08)
	(d) Closing balance	48,438.62	45,294.89
(ii)	Movement of NPAs (Net)		
	(a) Opening balance	15,181.61	13,475.67
	(b) Additions during the year *	37,012.07	28,963.57
	(c) Reductions during the year	(36,307.93)	(27,257.63)
	(d) Closing balance	15,885.76	15,181.61
(iii)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	30,113.28	27,774.02
	(b) Provisions made during the year	88,731.63	68,452.70
	(c) Write-off/write-back of excess	(86,292.04)	(66,113.44)
	(d) Closing balance	32,552.87	30,113.28

* Addition during the year is net of repayment.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

61.8. Disclosure in terms of RBI Circular (RBI/2019-20/170) No: DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions as required under Ind AS 109)	Net Carrying Amount	Provisions required as per IRACP norms*			Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6.1)	(6.2)**	(6)=(6.1)+(6.2)	(7)=(4)-(6)
Performing Assets								
Standard	Stage 1	1,906,335.24	65,306.19	1,841,029.05	9,462.49	992.59	10,455.08	89,888.00
	Stage 2	459,286.64	35,036.89	424,249.75				
Subtotal of Performing Assets		2,365,621.88	100,343.08	2,265,278.80	9,462.49	992.59	10,455.08	89,888.00
Non-Performing Assets (NPA)								
Substandard	Stage 3	48,362.06	32,476.31	15,885.75	3,566.15	-	3,566.15	28,910.17
Doubtful- up to 1 year	Stage 3	-	-	-	-	-	-	-
1-3 years	Stage 3	-	-	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-	-	-
Subtotal of doubtful		-	-	-	-	-	-	-
Loss	Stage 3	76.56	76.56	-	76.56	-	76.56	-
Subtotal of NPA		48,438.62	32,552.88	15,885.75	3,642.71	-	3,642.71	28,910.17
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		-	-	-	-	-	-	-
Total	Stage 1	1,906,335.24	65,306.19	1,841,029.05	9,462.49	992.59	10,455.08	89,888.00
	Stage 2	459,286.64	35,036.89	424,249.75				
	Stage 3	48,438.62	32,552.88	15,885.75	3,642.71	-	3,642.71	28,910.17
	Total	2,414,060.50	132,895.95	2,281,164.55	13,105.20	992.59	14,097.79	118,798.16

* Substandard assets provision as per IRACP norms is based on principal balance. Income which would have been derecognized in IRACP on substandard assets is ₹ 12,011.52 Lakhs.

** Represents additional 5% provision on accounts in default but standard due to extension of moratorium and asset classification benefit as per RBI circular, RBI/2019-20/220 DOR.No.BPBC.63/21.04.048/2020-21 dated April 17, 2020.

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

There is no overseas asset as at March 31, 2020.

61.10. Off-balance Sheet SPVs sponsored

There is no off-balance sheet SPVs sponsored by the Company during the year ended March 31, 2020.

Notes

to the Financial Statements for the year ended March 31, 2020 (contd)

(Figure in Rupees Lakhs, unless otherwise stated)

61.11. Disclosures of Customers Complaints

Sl No.	Particulars	As at March 31, 2020	As at March 31, 2019
(a)	No. of complaints pending at the beginning of the year	293	407
(b)	No. of complaints received during the year	16,051	12,407
(c)	No. of complaints redressed during the year	15,945	12,521
(d)	No. of complaints pending at the end of the year	399	293

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

Place: New Delhi
Date: May 08, 2020

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

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Nalin Negi
Chief Financial Officer

Place: Gurugram
Date: May 08, 2020

Dr. Tejendra Mohan Bhasin
Director
DIN: 03091429

Payal Mittal Chhabra
Company Secretary

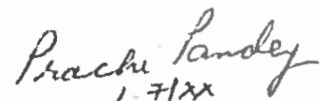
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF SBI CARDS AND PAYMENT SERVICES LIMITED FOR THE
YEAR ENDED 31 MARCH 2020.**

The preparation of financial statements of SBI Cards and Payment Services Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act, based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 08 May 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of SBI Cards and Payment Services Limited for the year ended 31 March, 2020 under Section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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



**(Prachi Pandey)
Principal Director of Audit (Energy)
New Delhi**

Place: New Delhi

Date: 01-07-2020



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SBI Cards and Payment Services Limited

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