

Ninth Annual Report 2016 - 17



SBI Pension Funds Private Limited

Future Secure

SBI Pension Funds Pvt. Ltd.
Ninth Annual Report
2016 - 2017

| CONTENTS | |
|--|----|
| Board of Directors..... | 2 |
| Directors' Report..... | 3 |
| Auditors' Report..... | 11 |
| CAG Report..... | 22 |
| Balance Sheet and Profit and Loss Account..... | 23 |
| Cash Flow Statement..... | 25 |
| Annexures..... | 40 |

| Board of Directors | | |
|--------------------|-----------------------------|---------------------------|
| 1. | Smt. Arundhati Bhattacharya | - Chairman |
| 2. | Shri Dinesh Kumar Khara | - Nominee Director |
| 3. | Shri. Mayur Kisnadwala | - Director |
| 4. | Shri. V. K. Gupta | - Director |
| 5. | Shri Mahesh P. Mehrotra | - Director |
| 6. | Prof. Gitika Kapoor | - Director |
| 7. | Shri Kumar Sharadindu | - Managing Director & CEO |

Regd. Office :

SBI Pension Funds Private Limited

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SBI PENSION FUNDS PVT LTD
Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Ninth Annual Report together with the audited accounts of the Company for the year ended March 31, 2017.

Financial Performance:-

The highlights of the financial results of your Company for the accounting year ended March 31, 2017 are as under:

(₹ In lacs)

| Description | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Operating Income | 576.72 | 388.87 |
| Expenses | 671.68 | 584.38 |
| Operating Profit / (Loss) | (94.96) | (195.51) |
| Other Income | 246.93 | 270.58 |
| Profit / (Loss) before tax | 151.97 | 75.07 |
| Provision for Tax (including deferred tax) | 48.90 | 24.51 |
| Profit / (Loss) after tax | 103.07 | 50.56 |
| Balance brought forward from Previous Year | 407.59 | 358.51 |
| Balance carried to Balance Sheet | 510.66 | 407.59 |

Capital Adequacy:-

The Regulators, the Pension Fund Development Authority (PFRDA), have not prescribed any Capital Adequacy Ratio for the Pension Fund Industry. However, w.e.f. 01.11.2012, Pension Fund Managers are required to maintain minimum positive Net Worth of Rs. 25 crores. The Net Worth of your Company as on 31 March 2017 stood at Rs 35.11crores.

Capital:-

The authorised share capital of the Company is Rs.100 Crores. The paid-up capital of the Company as on March 31, 2017 stood at Rs.30 crores comprising of 3 crores equity shares of Rs.10/- each fully paid. The shareholding pattern is as under:-

| Name of Shareholder | % of Holding |
|--------------------------------|--------------|
| State Bank of India | 60% |
| SBI Funds Management Pvt. Ltd. | 20% |
| SBI Capital Markets Ltd. | 20% |

Dividend:-

The Company has posted a Profit After Tax of Rs. 103.07 Lacs for the year ended March 31, 2017. Considering the future requirement of capital for the Company, your Board has not proposed any dividend for the year.



Economic Environment:

Global Economy

Global economy has strengthened in Q4 CY16 as advanced economies (AE) showed signs of stronger recovery and emerging market (EME), including commodity exporting nations, indicated signs of bottoming out. US economy got a boost from consumer spending but homebuilding and business spending on capital goods eased. Eurozone picked up pace in the final quarter of CY16, as momentum firmed despite heightened political uncertainty. Domestic demand is in the driver's seat as an improving labour market and expansionary monetary policy support economic activity in Eurozone. Japanese economy growth slowed sharply in last three quarters of CY16. China's economy expanded at a faster pace in the Q4 CY16 on government spending. Inflation edged up in AE; however, barring few, EME's witnessed softening of inflation pressures. Bloomberg commodity index was down by 2.3% QoQ in Q1 CY17. Markets in AE were driven up by reflation trade, stronger upcoming data and currency movements.

Domestic Economy :-

Growth

India Q3 FY17, GVA rose 6.6% YoY, but due to lower subsidy outgo, GDP at 7% YoY was higher than GVA. Agriculture sector has been supported by improved progress of Rabi sowing and growth in allied sector which include Livestock, forestry and fishing. Industry saw improvement across all segments with outperformance by mining space. Manufacturing segment grew by 8.3% YoY, however more unorganized sector data is yet to be accounted. The 'trade, hotels, transport and communication' is the other segment appeared surprisingly resilient, which was expected to be adversely hit by demonetization. Private consumption increased by 10.1% YoY along with Government consumption growth at 19.9% YoY, though fixed capital formation up at 3.5% YoY, continues to remain laggard. (Data Source: Ministry of Statistics and Programme (MOSPI))

Inflation

CPI for the month of March 2017 at 3.8% increased from 3.4% in December 2016. Last few months, CPI has been impacted by increase in fuel prices. Core CPI continues to remain sticky at elevated 4.8% in March 2017, as increase in transportation segment has amplified. WPI, impacted by strengthening of commodity prices, has increased from 3.7% in December 2016 to 5.7% in March 2017. Core WPI has softened from 2.3% in December 2016 to 2.1% in March 2017. (Data Source MOSPI)

Fiscal Deficit

India's fiscal deficit at the end of February worked out to Rs 6.05 lakh cr, 113.4% of the full year target for the FY17, mainly because of lower realization on non-tax revenues. Government was able to manage 62.4% at Rs 2.09 lakh cr of the budget estimate for non-tax revenue. The Government continued with fiscal prudence, pegging fiscal deficit



at 3.2% of gross domestic product for FY18, deferring the 3% of GDP target by a year. (Data Source: Controller General of Accounts (CGA))

External Sector

India's current account deficit at USD 7.9bn (1.4% of GDP) for Q3 FY17 was higher than in the previous quarter, mostly due to an increase in the trade gap. Net Invisibles picked up as investment income related outflows were lower in Q3 FY17, compared to previous quarter. On the capital account side, portfolio inflows were significantly negative while FDI inflows were also lower. NRI deposits witnessed a net outflow of USD 18.5 bn on account of repayments of FCNR (B) deposits. Overall Balance of Payment for Q3FY17 was at USD -1.2 bn. widening of deficits came from a higher jump in imports than exports. On the import side, oil import bill was higher while gold imports were significantly up previous quarter. (Data Source: Reserve Bank of India (RBI))

Outlook

As per OECD, global GDP growth is projected to pick up modestly to around 3.5% in the year 2018, boosted by fiscal initiatives in the major economies. The forecast is broadly unchanged since November 2016. Confidence has improved, but consumption, investment, trade and productivity are far from strong, with growth slow by past norms and higher inequality.

The positive assessment reflected in market valuations appears disconnected from real economy prospects. The interest-rate cycle turned in mid-2016 and rising divergence in interest rates between major economies heightens risks of exchange rate volatility. Risks to emerging market economies are high, including from higher corporate debt, rising non-performing loans and vulnerability to external shocks. Countries should use increased fiscal space to implement effective fiscal initiatives that boost demand and make government taxes and spending more supportive of long-term growth and equity.

Markets are continuing to bet that US Fed will continue to normalize interest rates and in doing so create demand for the Dollar. Given the strong data points for US, market has started building expectation for four rate cuts from Fed.

CPI inflation remains within RBI's medium term trajectory although it picked up in the last few readings. Core CPI which has been hardening in last few months has declined in the month of February, however, commodity prices which have impacted the WPI inflation can continue to impact the Core CPI. Given the unfavorable base in the H2 FY18, we expect inflation to move above 5%. El-Nino can impact the food prices however it is too early to build in expectation for same.

US 10yr has traded down from high of 2.6% to 2.4% levels as of 31.03.2017. The spreads between US and Indian Govt securities has widened to 4.3% on the back of US trading down. Weak greenback overseas along with abundant capital inflows largely supplemented strength to the Rupee. India received USD 11 bn capital inflows in last two months. Rupee has strengthened to 64.85 as of 31.03.2017. Liquidity has remained in excess of Rs. 4 lakhs cr in recent times and the CBLO/3 months T-Bill rates are sub 6% mark reflecting the same. We expect excess liquidity condition to remain in the system for some time.



Nifty 50 is up 18.9% in FY17, since the beginning of the calendar year 2017 the index is up by 12%. Nifty 50 is trading at 16x FY19E earning. Given this background, we believe most market participants would be watching out Q4 FY17 earnings season panning out in coming months. Given the uncertainty on account of demonetization impact, government policies and rich valuations, we believe asset heavy and value plays would perform better in the market. While Banks and select utilities would be the active beneficiaries of demonetization, OMC's, Pharma and IT would be relatively insulated. We would closely watch the Q4 FY17 result for cues on the same.

The change in stance of RBI from accommodative to neutral leaves little room for rate cut. We will have to keep an eye on the inflation print for the coming months which is negatively biased towards upwards due to unfavorable base, oil and sticky core inflation. We plan to follow balance approach for our portfolio until next data point. We expect the yield to remain range bound 6.70% - 6.85% with upside bias.

Schemes Performance:-

- The Company closed the fiscal with AUM of Rs.66,723/- crores representing a growth of 45% over the previous fiscal, to retain lead position amongst Pension Fund Managers (7 Nos) in terms of market share -35% of total AUM for the Government Sector and 62% of total AUM for the Private Sector.

- Comparative ranking amongst PFMs in the various NPS Schemes is set out below: -

a. YTD returns:

| Pension Scheme | | Comparative Ranking as on | |
|-------------------|---------------|---------------------------|------------|
| | | 31.03.2017 | 31.03.2016 |
| Government Sector | Central Govt. | 3 | 1 |
| | State Govt. | 3 | 1 |
| Private Sector | Tier I | 6 | 2 |
| | Tier II | 6 | 2 |
| | NPS Lite | 3 | 2 |
| | Corp CG | 2 | 1 |
| | APY | 2 | 3 |

b. Since Inception CAGR

| Pension Scheme | | Comparative Ranking as on | |
|-------------------|---------------|---------------------------|------------|
| | | 31.03.2017 | 31.03.2016 |
| Government Sector | Central Govt. | 1 | 1 |
| | State Govt. | 3 | 3 |
| Private Sector | Tier I | 5 | 4 |
| | Tier II | 3 | 1 |
| | NPS Lite | 1 | 1 |
| | Corp CG | 2 | 2 |
| | APY | 3 | 3 |



Business Strategy and Outlook:-

The PFRDA Annual Registration Fee @ 0.005% of Assets Under Management (AUM) as on 31st March of previous year or Rs. 10.00 lacs whichever is higher in respect of the Govt. Sector without any upper ceiling has resulted in additional burden of Rs. 0.73 crores for the Financial Year 2016-17 for the Company which has impacted the profitability of the company.

During the year, the fresh inflow of Rs. 10,817 Cr coupled with accruals and net of appreciation on account of market valuation took the total AUM under Government Sector NPS to Rs.52,986 Cr with a market share of 35% (Rs. 1,52,212 Cr). Under the Private Sector NPS (including NPS Lite), the fresh inflows of Rs. 4,227 Cr., accruals and net of appreciation took the AUM to Rs. 13,737Cr with a market share of 62 % (Rs.22,349 Cr). Overall the Company recorded a growth of 45% in its AUM during the year, which increased from Rs.46,019 Cr to Rs. 66,723Cr. Overall market share remained at 38%.

Recognition & Award:-

Your Company has been adjudged winner in the Best Pension Fund house category for the year 2016(2nd year in a row) by Outlook Money in an award ceremony organized by them on 24th of January 2017.

Risk Management:-

In terms of the provision of Section 134 (3) (n), the Risk Management framework covers key risks faced by the Company in its business viz. Market, Credit, and Operational Risk. A comprehensive Board approved Risk Management Policy aligned to the SBI Group Risk Management Policy is in place. The Mid-Office is entrusted with the risk management function, which is independent of Front and Back Office functions and reports directly to the MD & CEO. Risk profiles are monitored daily by the Mid-Office. Board level oversight is exercised through the Risk Management Committee of the Board which oversees risk management operations and policy formulation. In order to strengthen the operations, the Company has introduced Asset Liability Management/Liquidity Management aspect in Investment Policy to maintain sufficient liquidity, to take care of bulk redemption requirements in NPS schemes. Proposed stop loss limits for investments in all schemes in addition to existing Management Action Trigger (MAT) threshold. Initiated and completed RCSA Exercise for FY 2016-17 for the first time in the Company.

Directors :-

Presently there are seven(7) Directors on the Board of your Company. During the year under review, Two (2) Directors were appointed and Two (2) Directors resigned as under :-

- Shri Dinesh Kumar Khara, Managing Director (A & S) with State Bank of India, was nominated as Director w.e.f. 25.10.2016, in place of Shri. V. G. Kannan, Nominee Director, who resigned from Directorship of the Company as at the close of the business on 30.07.2016.*
- Consequent upon the vacation of the office of Managing Director & CEO by Shri Shailendra Kumar as at the close of business of 30.12.2016, Shri Kumar Sharadindu was appointed as Managing Director & CEO of the Company for a period of 3 years commencing from 30.12.2016.*



Board Meetings

Four(4) meetings of the Board were held during the year on 18.04.2016, 15.07.2016,25.10.2016 and 24.01.2017.

Corporate Governance

As part of good corporate governance, your Company endeavours to effectively manage the business and enhance long-term interests of various stakeholders. In pursuance of these objectives, the Board actively monitors the Company's operations and exercises fiduciary responsibilities with utmost commitment to enhance transparency, disclosures and adherence to core values. To ensure that internal controls & monitoring systems are adequate and commensurate to the level of activity, the Company's operations are also under ongoing review by external auditors.

Directors' Responsibility Statement

Pursuant to the provisions of Section 134 (3) (c) & Section 134 (5) of the Companies Act, 2013, your Directors hereby confirm that: -

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any,
- (ii) the Directors had selected such accounting policies & applied them consistently and made judgments & estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended 31st March, 2017 and of the profit of the Company for that period.
- (iii) proper and sufficient care has been taken 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.
- (iv) the annual accounts have been prepared on a going concern basis for FY2016-17.
- (v) the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Declaration by Independent Director:-

The Independent Directors have submitted the declaration for meeting the criteria of independence as provided under Section 149 (6).

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:-

The Company has in place an Anti-Sexual Harassment policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaint received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

No Complaint of Sexual Harassment has been received during the calendar year.

Statutory Information:-



- a. The Company being Private Limited Company does not require constituting Nomination & Remuneration Committee and Stakeholders Relationship Committee prescribed under section 178 of the Act.
- b. During the year, the Company has given Guarantees of Rs. 50.00 lacs favouring Pension Fund Regulatory & Development Authority (PFRDA) as per regulatory requirement with regard to license to carry business under Private Sector NPS. As on 31st March 2017 total outstanding guarantees are Rs. 140 Lacs. During the year, the Company has neither given any loan to any person or other body corporate nor give any guarantee or security in connection with loan to any other body corporate or person.
- c. The Company's registered office is taken on rent vide Leave & License agreement with State Bank of India at Arm's Length Price of Rs. 3,08,000/- per month plus applicable taxes (w.e.f. 1st August 2016 as per new lease agreement).
- d. The Government of India has introduced a new pension scheme for Asset Class A under Tier I & II category, with effect from 07th October, 2016. Asset Class A will consist of Commercial Mortgage Based Securities, Units issued by REITs, Asset backed Securities, Units of Infrastructure investment trust & Alternative Investment Fund.
- e. During the year, the Sponsor of the Company have submitted bid in response to Request for Proposal (RFP) notified by PFRDA on 17.09.2016 for selection of Pension Funds under National Pension System (NPS) for Private Sector Schemes. Technical / commercial bids of 2 (two) new Sponsors for PFM viz. Birla Sunlife Insurance Co. Ltd. and DSP Black Rock, were also accepted by PFRDA.
- f. There being no employees covered by the provisions of the Section 134 (3) of the Companies Act, 2013, read with the Companies (Particulars of Employees) Rules, 1975, no statement containing such particulars is annexed to the report.
- g. The primary objective of the Company is to carry on the business of Pension Fund management and there are no particulars to be disclosed regarding conservation of energy, technology upgradation and foreign exchange earnings & outgo as per Section 134 (3) (m) of the Companies Act, 2013.
- h. The Company has no transactions in foreign exchange to report.

Public Deposits:-

During the year ended 31 March 2017, the Company had not accepted any public deposits within the meaning of the provisions of the Non-Banking Financial Companies-Reserve Bank of India Directions 1998, vide notification no. DFC 118/DG (SPT)-98 dated January 31, 1998.

Auditors :-

M/s MNNY & Associates., Chartered Accountants were appointed as Statutory Auditors of the Company for FY 2016-17 by the Comptroller and Auditor General of India (CAG) and hold office till the conclusion of the next AGM.

Audit Committee :-

In terms of the provisions of Section 177 of the Companies Act, 2013, your Company has in place an Audit committee of the Board comprising three Independent Directors, as under: -



- (i) Shri Mahesh P. Mehrotra, Independent Director
- (ii) Shri Mayur Kisnadwala, Independent Director
- (iii) Shri V. K. Gupta, Independent Director

During the FY 2016-17, meetings of the Audit Committee were held on 18.04.2016, 15.07.2016, 25.10.2016 and 24.01.2017.

Corporate Social Responsibility (CSR)

Company does not fall in to the criteria prescribed under section 135(1) to contribute towards Corporate Social Responsibility. Hence, provisions related to the CSR are not applicable.

Acknowledgments :-

Your Directors thank the Pension Fund Regulatory and Development Authority (PFRDA), Trustees of the NPS Trust, various NPS intermediaries viz: - National Securities Depository Limited, Axis Bank, Stock Holding Corporation of India Limited and other stakeholders for their wholehearted and continued support. Your Directors also place on record their thanks to the State Bank of India for their support in managing the affairs of the Company. The Board also takes this opportunity to place on record its appreciation of the sincere efforts put in by the employees of the Company and their commendable teamwork and enthusiasm. Your Directors look forward to the continued support of shareholders & employees in achieving superior performance and maintaining leadership position amongst Pension Fund Managers in future also.

For and on behalf of the Board

Place : Mumbai
Dated:

(Arundhati Bhattacharya)
CHAIRMAN



Independent auditors' report to the members of SBI Pension Funds Private Limited

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of **SBI Pension Funds Private Limited** ("the Company") which comprise the balance sheet as at 31st March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and



disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

Opinion

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

- a. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2017;
- b. In the case of the statement of Profit and Loss, of the profit of the company for the year ended on that date; and
- c. In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure (A)**, statement on the matters specified in paragraphs 3 and 4 of 'the Order' to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the company, so far as appears from our examination of those books.
 - c. The standalone balance sheet, statement of profit and loss and cash flow statement dealt with by this Report are in agreement with the books of account.



- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on 31st March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017, from being appointed as a director under sub section (2) of section 164 of the Act.
 - f. With respect to adequacy of the internal financial control system over financial reporting and such internal financial controls over financial reporting of the company and operating effectiveness of such controls as at 31st March 2017, please refer to our separate report in **Annexure (B)**.
 - g. With respect to the other matters included in the Auditor's Report and to the best of our information and according to the explanations given to us :
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company did not have any holdings or dealing in Specified Bank Notes (SBN) during the period from 8th November, 2016 to 30th December, 2016. Therefore, the disclosure requirement as per notification G.S.R. 308(E) dated 30th March 2017 is not applicable to the Company. Refer Note 12.2 of the standalone financial statements.
3. As required by section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and standalone financial statements of the company, we give in **Annexure (C)**.

For MNNY & Associates
Chartered Accountants
FRN: 114018W

CA. Hitesh V. S. Sharma
Partner
Mem. No.: 152887
Place: Mumbai
Date: 24-04-17



Annexure (A) to Independent Auditors' Report

(Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date on account of SBI Pension Funds Private Limited ("the Company") for the year ended 31st March 2017.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets in computerized fixed assets register.
- (b) As informed and represented to us by the management of the company, fixed assets have been physically verified by the management during the period under review and no material discrepancies noticed during such physical verification of fixed assets.
- (c) According to the information and explanation given to us, the company does not hold any immovable properties in its own name during the period under review.
- (ii) The Company is an investment manager of pension corpus regulated by Pension Fund Regulatory and Development Authority (PFRDA) under National Pension system (NPS). In terms of nature of business of the Company and the transactions undertaken, clause 3 (ii) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- (iii) According to the information and explanation given to us, during the period under review, the Company has not granted any loans whether secured or unsecured to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under section 189 of the Companies Act, 2013. Therefore details under Sub Clause (a), (b) & (c) of Clause 3 (iii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (iv) During the period under review, the Company has not directly or indirectly advanced any loan to any of the directors or to any other person in whom the directors are interested or given any guarantees or provided any securities in connection with the loan taken by them or such other person pursuant to the provisions of section 185 nor made any investments pursuant to the provisions of section 186 of Companies Act 2013. Hence the details thereof are not applicable as required under clause 3 (iv) of the Companies (Auditor's Report) Order, 2016.
- (v) The Company has not accepted any deposits from public, covered under the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, during the period under review. Therefore, clause 3 (v) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- (vi) As per information and explanation given by the management, provisions in relation to maintenance of cost records as specified by the central Government under sub section (1)



of section 148 of the Companies Act, 2013 are not applicable to the Company. Therefore, clause 3 (vi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

- (vii) (a) According to information and explanation given to us and on the basis of the records of the Company, undisputed statutory dues including provident fund, Employees' State Insurance, profession tax, income-tax, service tax, cess and any other statutory dues have been regularly deposited with the appropriate authorities.

According to the information and explanation given to us, there are no undisputed amounts payable in respect of profession tax, income-tax, service tax, cess and any other statutory dues were in arrears as at 31st March 2017, for a period of more than six months from the date they became payable.

- (b) According to the records of the Company and explanation given to us, there are no material dues of profession tax, income-tax, service tax, cess and any other statutory dues on account of dispute which have not been deposited with the appropriate authorities on account of any disputes.
- (viii) Based on our audit procedures and the information and explanation given by management, the company has not borrowed funds from financial institutions, banks nor money raised through the issue of debentures during the period under review. Therefore details required to be disclosed under clause 3 (viii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- (ix) According to the records of the Company and explanation given to us, the company has not raised money by way of Initial Public Offer (IPO) or further public offer (including debt instruments) and term loans during the period under review, therefore, clause 3(ix) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and as per information and explanation given by the Management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.
- (xi) Since the company is a private limited company, the provisions of section 197 read with Schedule V to the Companies Act, 2013 related to managerial remuneration and requisite approvals are not applicable to the company. Therefore, reporting under clause 3 (xi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- (xii) As per information and explanation given by the management, the company is not a Chit Fund, Nidhi or Mutual Benefit Fund/ Society. Therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.



- (xiii) As per information and explanation given by the management, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the standalone financial statements etc., as required by the applicable accounting standards.
- (xiv) As per information and explanation given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review, hence requirement of section 42 of the Companies Act, 2013 are not applicable to the company. Therefore, details under clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (xv) As per information and explanation given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, compliance pursuant to the provisions of section 192 of Companies Act 2013 is not applicable. Therefore, details under clause 3 (xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (xvi) As per information and explanation given by the management, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, clause 3 (xvi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

**For MNNY & Associates
Chartered Accountants
FRN:- 114018W**

**CA Hitesh V. S. Sharma
Partner
Mem. No.: 152887
Place: Mumbai
Date: 24-04-17**



Annexure (B) to Independent Auditors' Report

(Referred to in paragraph 3 under the heading “Report on other legal and regulatory requirements” of our report of even date on account of SBI Pension Funds Private Limited (“the Company”) for the year ended 31st March 2017, 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 PENSION FUNDS PRIVATE LIMITED** (“the Company”) as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

Management’s responsibility for the 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 essentials 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 have 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 the Institute of Chartered Accountants of India 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 risks of material misstatement of the standalone 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 preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes policies and procedures that :

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on "the



internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered accountants of India.

**For MNNY & Associates
Chartered Accountants
FRN:- 114018W**

**CA Hitesh V. S. Sharma
Partner
Membership No. 152887
Place : Mumbai
Date : 24-04-17**



Annexure (C) to the Independent Auditors' Report

(Referred to in paragraph 3 under the heading “Report on other legal and regulatory requirements” of our report of even date on Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of SBI Pension Funds Private Limited (“the Company”) for the year ended 31st March 2017, issued by Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013).

1. Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.

As informed by the management and based on records examined by us, the company has lease deed for the leasehold premises which was executed 09.09.2016 between State Bank of India (Licensor) and SBI Pension Funds Private Limited (Licensee) and registered on 09.09.2016 wide receipt no. 10666 with Joint Sub Registrar, Mumbai City 2.

2. Whether there are any cases of waiver/write off of debts/loans/interest etc. If yes, the reason there for and the amount involved.

As informed by the management and based on records examined by us, there were no any case of waiver/write off of debts/loans/interest etc during the period under review.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.

As informed by the management and based on records examined by us, the Company is Investment Manager of Pension Corpus regulated by Pension Fund Regulatory and Development Authority (PFRDA) under National Pension System (NPS). Therefore, no such transactions related to inventory handling were carried out during the year, hence have not been reported or commented herein.

Moreover, as per the information by the management and records examined by us, the Company has not received any gift from Government or Other authorities. Hence, such records were not required to be maintained by the Company.

4. Whether there are any case of waiver of fees/reversal of accounted fees which was due but not received/written off. If yes, the reason there for and the amount involved-case wise.



As informed by the management and based on records examined by us, there were no any case of waiver of fees/reversal of accounted fees which was due but not received/written off, during the period under review.

For MNNY & Associates
Chartered Accountants
FRN:- 114018W

CA Hitesh V. S. Sharma
Partner
Mem. No.: 152887

Place: Mumbai
Date: 24-04-17

Compliance Certificate

We have conducted the audit of the accounts of **SBI Pension Funds Private Limited** for the year ended 31st March, 2017 in accordance with the directions issued by the C&AG of India under Section 143(5) of the Companies Act, 2013 & certify that we have complied with all the directions issued to us.

For MNNY & Associates
Chartered Accountants
FRN:- 114018W

CA Hitesh V. S. Sharma
Partner
Mem. No.: 152887

Place: Mumbai
Date: 24-04-17



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 PENSION FUNDS PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2017

The preparation of financial statements of SBI Pension Funds Private Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under section 143 of the Act based on independent audit in accordance with 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 24 April 2017.

The assets under management through various schemes managed by SBI Pension Funds Private Limited are not reflected in its Balance Sheet, since these assets do not form part of the SBI Pension Funds Private Limited. Therefore, I do not look into operation of these schemes including decision making regarding acquisition, management and disposal of the assets managed by the SBI Pension Funds Private Limited and express no opinion on the soundness of the investments.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of SBI Pension Funds Private Limited for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

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



(Roop Rashi)

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai
Date : 5th July 2017



Standalone Balance Sheet as at March 31st, 2017

Amount in ₹

| Particulars | Note No. | Figures as at the end of current reporting period | | Figures as at the end of the previous reporting period | |
|---|----------|---|--------------------|--|--------------------|
| I. EQUITY AND LIABILITIES | | | | | |
| (1) Shareholders' Funds | | | | | |
| (a) Share Capital | 2 | 300,000,000 | | 300,000,000 | |
| (b) Reserves and Surplus | 3 | 51,065,881 | 351,065,881 | 40,758,956 | 340,758,956 |
| (2) Current liabilities | | | | | |
| (a) Short-term borrowings | -- | - | | - | |
| (b) Trade Payables | -- | - | | - | |
| (c) Other current liabilities | 4 | 1,967,940 | | 181,097 | |
| (d) Short-term provisions | 5 | 1,247,406 | 3,215,346 | 2,399,684 | 2,580,781 |
| TOTAL | | | 354,281,227 | | 343,339,737 |
| II. ASSETS | | | | | |
| (1) Non-current assets | | | | | |
| (a) Fixed Assets | 6 | | | | |
| (i) Tangible assets | 6.1 | 1,875,398 | | 1,966,599 | |
| (ii) Intangible assets | 6.2 | 321,540 | | 148,658 | |
| (b) Non-current Investments | 7 | 10,000 | | - | |
| (c) Deferred tax assets (net) | 8 | 1,314,593 | | 1,319,082 | |
| (d) Long-term loans and advances | 9 | 1,852,500 | | 1,225,000 | |
| (e) Other non-current assets | 10 | 304,078,136 | 309,452,167 | 288,071,842 | 292,731,181 |
| (2) Current assets | | | | | |
| (a) Current investments | -- | - | | - | |
| (b) Inventories | -- | - | | - | |
| (c) Trade receivables | 11 | 17,439,494 | | 11,408,224 | |
| (d) Cash and cash equivalents | 12 | 18,406,683 | | 32,439,416 | |
| (e) Short-term loans and advances | -- | - | | - | |
| (f) Other current assets | 13 | 8,982,883 | 44,829,060 | 6,760,916 | 50,608,556 |
| TOTAL | | | 354,281,227 | | 343,339,737 |
| Contingent liabilities and commitments | 21 | | | | |
| III. Significant accounting policies | 1 | | | | |
| The accompanying notes from 1-25 form integral part of standalone financial statements. | | | | | |

As per our report of even date attached herewith

For MNNY & Associates,
Chartered Accountants
Firm Regn. 114018W

CA Hitesh V. S. Sharma
Partner
Mem. No.: 152887
Place : Mumbai,
Date : 24th April, 2017

For and on behalf of the Board of Directors
SBI PENSION FUNDS PRIVATE LTD.

Arundhati Bhattacharya
Chairman
DIN- 02011213
Hardik Chauhan
Company Secretary
PAN- AIAPC3852G

Kumar Sharadindu
Managing Director & CEO
DIN- 07341455
R. K. Bhatia
Chief Financial Officer
PAN- ABXPB3532C



Standalone Statement of Profit & Loss for the year ended 31st March, 2017

Amount in ₹

| Particulars | | Note No. | Figures for the year ended on current reporting period | Figures for the year ended on previous reporting period |
|-------------|---|----------|--|---|
| I. | Income | | | |
| | Revenue from operations | 14 | 57,671,649 | 38,887,337 |
| | Other Income | 15 | 24,626,914 | 27,057,900 |
| | Total Revenue | | 82,298,563 | 65,945,237 |
| II. | Expenses | | | |
| | Employee benefits expense | 16 | 19,885,688 | 18,128,881 |
| | Depreciation and amortization expense | 17 | 622,915 | 600,047 |
| | Other expenses | 18 | 46,657,101 | 39,461,244 |
| | Total expenses | | 67,165,704 | 58,190,172 |
| III. | Profit/ (Loss) Before Exceptional & Extraordinary items and taxes (I-II) | | 15,132,859 | 7,755,065 |
| IV. | Exceptional Item | 19 | 2,185 | 248,174 |
| V. | Profit/ (Loss) Before Extraordinary items and taxes (III-IV) | | 15,130,674 | 7,506,891 |
| VI. | Extraordinary Item | 20 | 66,370 | - |
| VII. | Profit before tax (V-VI) | | 15,197,044 | 7,506,891 |
| VIII | Tax expense : | | | |
| | (a) Current Tax | | 4,885,630 | 2,333,034 |
| | (b) Deferred tax | | 4,489 | 118,170 |
| IX. | Profit/(Loss) for the period carried to Reserve & Surplus (VII-VIII) | | 10,306,925 | 5,055,687 |
| X. | Earnings per equity share : Nominal Value ` 10/- per share | 21 | | |
| | (1) Basic | | 0.34 | 0.17 |
| | (2) Diluted | | 0.34 | 0.17 |
| XI. | Significant accounting policies | 1 | | |

The accompanying notes from 1-25 form integral part of standalone financial statements.

As per our report of even date attached herewith

For MNNY & Associates,
Chartered Accountants
Firm Regn. 114018W

CA Hitesh V. S. Sharma
Partner
Mem. No.: 152887
Place : Mumbai,
Date : 24th April, 2017

For and on behalf of the Board of Directors
SBI PENSION FUNDS PRIVATE LTD.

Arundhati Bhattacharya
Chairman
DIN- 02011213
Hardik Chauhan
Company Secretary
PAN- AIAPC3852G

Kumar Sharadindu
Managing Director & CEO
DIN- 07341455
R. K. Bhatia
Chief Financial Officer
PAN- ABXPB3532C



Standalone Cash flow statement for the year ended 31st March, 2017

| Particulars | Amount in ₹ | |
|---|--|---|
| | Figures for the year ended on current reporting period | Figures for the year ended on previous reporting period |
| A. Cash flow from operating activities | | |
| Profit /(Loss) before taxation | 15,197,044 | 7,506,891 |
| | 15,197,044 | 7,506,891 |
| Adjustment for: | | |
| Depreciation | 622,915 | 600,047 |
| (Profit)/Loss on Sale of Fixed Assets | 2,185 | - |
| Interest Income from current/non-current investment & other income | 24,626,914 | 27,057,900 |
| Net adjustments: | (24,001,814) | (26,457,853) |
| Operating profit before working capital changes | (8,804,770) | (18,950,962) |
| (Increase)/Decrease in Trade Receivable | (6,031,270) | (3,220,782) |
| (Increase)/Decrease in Loans & Advances | - | - |
| (Increase)/Decrease in Other Current Assets | (2,221,967) | 26,197,697 |
| Increase/(Decrease) in Current Liabilities & Provisions | 634,565 | (4,123,896) |
| Cash generated from operations | (16,423,441) | (97,943) |
| Direct tax paid- Current Year | 4,885,630 | 2,333,034 |
| Direct tax paid- Prior Period | - | 147,513 |
| Net cash flow from operating activities | (21,309,072) | (2,578,491) |
| B. Cash flow from investing activities | | |
| Interest income from current/ non current investments | 24,051,014 | 26,999,026 |
| (Increase)/Decrease in Fixed Deposits(non current assets) | (16,006,294) | (276,846,603) |
| (Increase)/Decrease in non-current investment | (10,000) | - |
| (Increase)/Decrease in Long Term Loans & Advances | (627,500) | (50,000) |
| Purchase of Tangible & Intangible Assets | (718,781) | (242,845) |
| Sale of Tangible & Intangible Assets | 12,000 | - |
| Other Income | 575,900 | 58,874 |
| Net cash used in investing activities | 7,276,339 | (250,081,548) |
| C. Cash flow from Financing activities | | |
| Issue of Equity shares | - | - |
| Net cash generated from financing activities | - | - |
| Net Increase/(Decrease) in Cash and cash equivalents(A+B+C) | (14,032,733) | (252,660,038) |
| Cash and cash equivalents as at the commencement of the year | 32,439,416 | 285,099,454 |
| Cash and cash equivalents as at the end of the year | 18,406,683 | 32,439,416 |
| Net Increase/(Decrease) in as disclosed above | (14,032,733) | (252,660,038) |
| Significant accounting policies- Note No. 1 | | |
| Note 1. Cash & Cash Equivalents include Cash and Bank Balance and Deposit with banks. | | |
| Note 2. Previous year's figures have been regrouped /rearranged wherever necessary | | |

As per our report of even date attached herewith

For MNNY & Associates,
Chartered Accountants
Firm Regn. 114018W

CA Hitesh V. S. Sharma
Partner
Mem. No.: 152887
Place : Mumbai,
Date : 24th April, 2017

For and on behalf of the Board of Directors
SBI PENSION FUNDS PRIVATE LTD.

Arundhati Bhattacharya
Chairman
DIN- 02011213
Hardik Chauhan
Company Secretary
PAN- AIAPC3852G

Kumar Sharadindu
Managing Director & CEO
DIN- 07341455
R. K. Bhatia
Chief Financial Officer
PAN- ABXPB3532C



Notes to the Standalone Financial Statement for the year ended 31st March, 2017

Company's Basic Information-

SBI Pension Funds Private Limited is a Private limited company incorporated on 14th December, 2007. It is classified as Union Government Company and is registered at Registrar of Companies, Mumbai. SBI Pension Funds Private Limited's Corporate Identification Number is (CIN) U66020MH2007GOI176787 and its registration number is 176787 and its registered office address is Maker Chambers III, Nariman Point, - Mumbai 400021.

Note 1:-Significant Accounting Policies

a. Basis of preparation of financial statements(AS-1)

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") under the historical cost convention on the accrual basis. Indian GAAP comprises mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014, the provisions of the Act(to the extent notified). 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.

b. Cash Flow Statement (AS - 3)

Cash Flows are reported using the indirect method whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature and deferrals or accruals of the past or future cash receipts or payments. The cash flows from regular revenue generating, investing & financing activities of the company are segregated.

c. Cash and cash equivalents (AS-3)

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of twelve months or less and that are readily convertible to known amounts of cash to be cash equivalents.

d. Use of Estimates (AS - 5)

The preparation of financial statements in conformity with "Indian GAAP" requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Examples of such estimates include provisions for doubtful receivables, provision for income taxes, the useful lives of depreciable fixed assets both tangible and intangible assets and provision for impairment, assessment of recoverable amounts of deferred tax assets, provision for obligations relating to employees, provisions against litigations and contingencies. Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognized in the period in which the results are known / materialize.

e. Depreciation and Amortization(AS - 6)

Depreciation on fixed assets is provided on the 'Straight Line Method' as per schedule II of the Companies Act, 2013. Depreciation for assets purchased / sold during a period is proportionately charged. Individual low cost assets (acquired for ` .5,000/- or less) are depreciated over a period of one year from the date of acquisition.

The residual value of fixed assets where the estimated useful life as prescribed in the Schedule II of the Companies Act, 2013 was completed, the depreciation charged on such Fixed Assets has been reduced to the extent up to the excess of WDV over residual value of Fixed Assets.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-



line basis, commencing from the date the asset is available to the Company for its use.

Depreciation and amortization methods, useful lives and residual values are reviewed at each reporting date.

f. Revenue Recognition (AS - 9)

i. Revenue from Operation

Management Fee is recognized at specific rates agreed with the relevant schemes, applied on daily net assets of each scheme, and is in conformity with the regulatory guidelines. The Company present revenues net of Service Tax in its Profit & Loss Statement.

ii. Other Income

Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

g. Fixed Assets

Tangible Assets (AS - 10)

Fixed Assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciation and impairment loss, if any. Cost includes direct expenses as well as clearly identifiable indirect expenses incurred to bring the assets to their working condition for its intended use. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Intangible Assets (AS - 26)

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use attributable to the intangible assets.

h. Accounting of foreign exchange gain/loss (AS - 11)

- a. Transactions in foreign currencies are recorded at the exchange rate prevailing at the time of occurrence of the transactions or that approximates the actual rate at the date of the transaction.
- b. Monetary items denominated in foreign currency remaining unsettled at the end of the year are translated at the exchange rates as at the last day of the year.
- c. In respect of integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Monetary assets and liabilities are restated at the year-end rates.
- d. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Statement, except in case of long term liabilities, where they relate to acquisition of Fixed Assets, in which case they are adjusted to the carrying cost of such assets.

i. Investments (AS - 13)

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long term based on Management's intention. Current investments are carried at the lower of cost and fair value of each investment individually. Long term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.



j. Retirement Benefits (AS - 15)

- a. Provident fund is a defined contribution scheme and the contributions as required by the statute paid to Government Provident Fund are charged to profit and loss account. However, it also includes payment of provident fund of employees on deputation of State Bank of India, paid by state Bank of India, however same is reimbursed by the Company.
- b. Liabilities on account of the provision of Gratuity, of officer on deputation from State Bank of India are made by State Bank of India, however same is reimbursed by the Company.
- c. Salary, allowances and other perquisites paid to the officers on deputation from State Bank of India (SBI) are reimbursed to SBI on actual basis. Additionally, 30% of officers' salary towards Bank's contribution to SBI Employees' Provident Fund, SBI Employees' Pension Fund and Employees' Gratuity Fund are also reimbursed to SBI.

k. Leases (AS - 19)

Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term.

l. Earnings per share (AS - 20)

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value, which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

m. Accounting for Taxes on Income(AS - 22)

Income tax is accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed



depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized.

Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

n. Impairment of Assets (AS - 28)

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal.

An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

o. Provisions, Contingent Liabilities and Contingent Assets (AS - 29)

A provision is recognized when the Company has a present obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities, if any, are disclosed in the Notes to Accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liabilities.

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

p. Previous Year's figure have been regrouped/ rearranged wherever necessary to confirm to the current year's presentation.

For MNNY & Associates
FRN: 114018W

For and on behalf of Board of Directors of Chartered Accountants
SBI Pension Fund Private Limited

CA Hitesh V.S. Sharma
Partner
Mem. No.: 152887
Place: Mumbai
Date: 24th April, 2017

Arundhati Bhattacharya
(Chairman)
DIN-02011213

Kumar Sharadindu
(Managing Director & CEO)
DIN-07341455

Hardik Chauhan
(Company Secretary)
PAN- AIAPC3852G

R. K. Bhatia
(Chief Financial Officer)
PAN-ABXPB3532C



Notes to the Standalone Financial Statements as at ended 31st March, 2017

Amount in ₹

| | Figures as at the end of current reporting period | Figures as at the end of the previous reporting period |
|--|---|--|
| 2. Share Capital | | |
| 2.1 Authorized Share Capital | | |
| 10,00,00,000 equity shares (31.03.2016: 10,00,00,000) of ₹ 10/- each | 1,00,00,00,000 | 1,00,00,00,000 |
| 2.2 Issued, subscribed and fully paid-up shares | | |
| 3,00,00,000 equity shares (31.03.2016: 3,00,00,000) of ₹ 10/- each fully paid up | 30,00,00,000 | 30,00,00,000 |
| Total issued, subscribed and fully paid-up share capital | 30,00,00,000 | 30,00,00,000 |
| 2.2.(a). Reconciliation of the shares outstanding at the beginning and at the end of the reporting period | | |
| Equity Shares of ₹ 10/- each. | No. of Shares | No. of Shares |
| At the beginning of the period | 3,00,00,000 | 30,00,000 |
| Issued during the period | - | - |
| Outstanding at the end of the period | 3,00,00,000 | 30,00,000 |

2.2.(b). Terms/rights attached to equity shares

(i) The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(ii) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.2.(c). Details of shareholders holding more than 5% shares in the company

| | As at March 31st, 2017 | | As at March 31st, 2016 | |
|--|------------------------|---------|------------------------|---------|
| | No. of Shares | % | No. of Shares | % |
| Equity shares of ₹10/- each fully paid | | | | |
| State Bank of India Ltd. | 1,80,00,000 | 60.00% | 1,80,00,000 | 60.00% |
| SBI Funds Management Pvt. Ltd. | 60,00,000 | 20.00% | 60,00,000 | 20.00% |
| SBI Capital Markets Ltd. | 60,00,000 | 20.00% | 60,00,000 | 20.00% |
| | 3,00,00,000 | 100.00% | 3,00,00,000 | 100.00% |

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



2.2.(d). Shares held by holding/ultimate holding company and/or their Subsidiaries/ Associates

Out of equity shares issued by the company, shares held by its Holding Company and Associates are as below:

| | As at March 31st, 2017 | As at March 31st, 2016 |
|---|---------------------------|---------------------------|
| State Bank of India Ltd. (Holding Company) | 1,80,00,000 | 1,80,00,000 |
| SBI Funds Management Pvt. Ltd. (Associate Company) | 60,00,000 | 60,00,000 |
| SBI Capital Markets Ltd. (Associate Company) | 60,00,000 | 60,00,000 |
| | 3,00,00,000 | 3,00,00,000 |
| | | |
| 3. Reserves & Surplus | | |
| | As At March 31st, 2017 | As At March 31st, 2016 |
| Surplus/(deficit) in statement of Profit & Loss | | |
| Balance as per the last financial statements | 40,758,956 | 3,58,50,782 |
| Add: Profit/(Loss) for the year | 10,306,925 | 50,55,687 |
| | 51,065,881 | 4,09,06,469 |
| Less : Short Provision of Income Tax for Earlier Years | - | 1,47,513 |
| Net surplus in the statement of profit and loss | 51,065,881 | 4,07,58,956 |
| | | |
| Total Reserves and Surplus | 51,065,881 | 4,07,58,956 |
| | | |
| 4. Other Current Liabilities | | |
| | As At March 31st, 2017 | As At March 31st, 2016 |
| Other Payable | 1,967,940 | 1,81,097 |
| | 1,967,940 | 1,81,097 |
| 4.1 Other Payable includes payments which are subject to confirmation from parties. | | |
| | | |
| 5. Short Term Provisions | | |
| | As At March 31st, 2017 | As At March 31st, 2016 |
| Provision for Employee Benefit | - | 10,26,835 |
| Other Provisions | 1,247,406 | 13,72,849 |
| | 1,247,406 | 23,99,684 |
| 5.1 The provision for Employee Benefit and expenses are recognised based on use of estimates since actuals are not available on the date of signing of balance sheet, while actuals may differ and accounts are adjusted for difference in the next year. | | |

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

| Sr. No | Particulars | Rate | Gross Block | | | Depreciation | | | Net Block | | | |
|---|-------------------------------------|------|---|--------------------------|---------------------------|-----------------------------------|---|--------------------------|---------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| | | | Value at the beginning Reporting period | Addition during the year | Deduction during the year | Value at the end Reporting Period | Value at the beginning Reporting period | Addition during the year | Deduction during the year | Value at the end Reporting Period | WDV as on End of Reporting period | WDV as on Last Reporting period |
| 6.1 | <u>Tangible Assets</u> | | | | | | | | | | | |
| 1 | Plant & Machinery | | 648,908 | 172,731 | - | 821,639 | 420,385 | 28,085 | 448,470 | - | 28,085 | 228,523 |
| 2 | Furniture & fixtures | | 2,383,301 | - | - | 2,383,301 | 1,815,073 | 156,124 | 1,971,197 | - | 156,124 | 568,228 |
| 3 | Office Equipment | | 1,036,143 | - | - | 1,036,143 | 661,028 | 110,310 | 771,338 | - | 110,310 | 375,115 |
| 4 | Electrical installations | | 870,252 | - | - | 870,252 | 650,031 | 73,629 | 723,660 | - | 73,629 | 220,221 |
| 5 | Other (Computer) | | 2,011,299 | 311,500 | 283,700 | 2,039,099 | 1,436,787 | 193,099 | 1,360,371 | 269,515 | 193,099 | 574,512 |
| | SUB TOTAL (A) | | 6,949,903 | 484,231 | 283,700 | 7,150,434 | 4,983,304 | 561,247 | 5,275,036 | 269,515 | 561,247 | 1,966,599 |
| 6.2 | <u>Intangible Assets</u> | | 1,445,010 | 234,550 | - | 1,679,560 | 1,296,352 | 61,668 | 1,358,020 | - | 61,668 | 148,658 |
| | SUB TOTAL (B) | | 1,445,010 | 234,550 | - | 1,679,560 | 1,296,352 | 61,668 | 1,358,020 | - | 61,668 | 148,658 |
| III | Capital Work-in-progress | | - | - | - | - | - | - | - | - | - | - |
| | SUB TOTAL (C) | | - | - | - | - | - | - | - | - | - | - |
| IV | Intangible Assets Under Development | | - | - | - | - | - | - | - | - | - | - |
| | SUB TOTAL (D) | | - | - | - | - | - | - | - | - | - | - |
| | Total [A+B+C+D] (Current Year) | | 8,394,913 | 718,781 | 283,700 | 8,829,994 | 6,279,656 | 622,915 | 6,633,056 | 269,515 | 622,915 | 2,115,257 |
| | (Previous Year) | | 8,152,068 | 242,845 | - | 8,394,913 | 5,679,609 | 600,047 | 6,279,656 | - | 600,047 | 2,472,459 |
| 6.1 Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation, Amortisation and Depletion. Accordingly the unamortised carrying value is being depreciated / amortised over the revised/ remaining useful lives. | | | | | | | | | | | | |
| 6.2 The residual value of fixed assets where the estimated useful life as prescribed in the Schedule II of the Companies Act, 2013 was completed, the depreciation charged on such Fixed Assets has been reduced to the extent up to the excess of WDV over residual value of Fixed Assets. | | | | | | | | | | | | |



| 7. Non-current investments | | |
|--|-----------------------------------|-----------------------------------|
| | As At March 31st, 2017 | As At March 31st, 2016 |
| Investment in Equity Instrument | 10,000 | - |
| | 10,000 | - |
| The above amount includes: | | |
| (a) Aggregate amount of quoted investments and market value thereof | - | - |
| (b) Aggregate amount of unquoted investments | 10,000 | - |
| (c) Aggregate provision for diminution in value of investments | - | - |
| 8. Deferred Tax Assets/ (Liabilities) | | |
| | As At March 31st, 2017 | As At March 31st, 2016 |
| 8.1 Deferred Tax Assets/(Liability) | 1,319,082 | 14,37,252 |
| 8.1.1 Deferred Tax Liability | | |
| Fixed assets : Impact of differences between tax depreciation and depreciation/amortization charge for the financial reporting | 4,489 | 26,769 |
| Unabsorbed Losses to be Carried Forward | - | 91,401 |
| Gross Deferred Tax Liability | 4,489 | 1,18,170 |
| 8.1.2 Deferred Tax Assets | | |
| Fixed assets : Impact of differences between tax depreciation and depreciation/amortization charge for the financial reporting | - | - |
| Unabsorbed Losses to be Carried Forward | - | - |
| Gross Deferred Tax Asset | - | - |
| Net Deferred Tax Assets/(Liability) | 1,314,593 | 13,19,082 |
| 9. Long term Loans and advances | | |
| | As At March 31st, 2017 | As At March 31st, 2016 |
| Security deposit | 1,852,500 | 12,25,000 |
| | 1,852,500 | 12,25,000 |
| Secured, considered Good | - | - |
| Unsecured, considered Good | 1,852,500 | 12,25,000 |
| Unsecured, considered Doubtful | - | - |



| 10. Other Non-Current Assets | | |
|---|-----------------------------------|-----------------------------------|
| | As At March 31st, 2017 | As At March 31st, 2016 |
| Deposit with Bank of which maturity period is more than 12 months | 275,648,967 | 27,70,00,000 |
| Accrued Interest on Deposits with Bank whereof maturity period is more than 12 months | 28,429,169 | 1,10,71,842 |
| | 304,078,136 | 28,80,71,842 |
| Secured, considered Good | - | - |
| Unsecured, considered Good | 304,078,136 | 28,80,71,842 |
| Unsecured, considered Doubtful | - | - |

| 11. Trade Receivables | | |
|---|-----------------------------------|-----------------------------------|
| | As At March 31st, 2017 | As At March 31st, 2016 |
| Unsecured, considered good unless stated otherwise | | |
| Outstanding for a period exceeding six month from the date they are due for payment | | |
| Due from related parties | - | - |
| Due from others | - | - |
| | | - |
| Other receivables | - | |
| Due from related parties | 17,439,494 | 1,14,08,224 |
| Due from others | 17,439,494 | 1,14,08,224 |
| | 17,439,494 | 1,14,08,224 |

11.1 Trade Receivable is subject to confirmation and reconciliation and consequent adjustment thereof, if any

11.2 Provision for doubtful debts: Periodically, the Company evaluates all customer dues to the Company for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates general economic factors, which could affect the customer's ability to settle. The Company normally provides for debtor where ascertained of recoverability is very less. The Company pursues the recovery of the dues, in part or full.

| 12. Cash and Cash Equivalents | | |
|--|-----------------------------------|-----------------------------------|
| | As At March 31st, 2017 | As At March 31st, 2016 |
| Balance with Banks | | |
| In Current Accounts | 1,452,924 | 14,42,423 |
| Cash on hand | - | - |
| | 1,452,924 | 14,42,423 |
| Others | | |
| In Deposit accounts (with maturity less than 3 months) | 15,950,233 | 3,02,774 |
| In Deposit accounts (with maturity more than 3 months but less than 12 months) | 1,003,526 | 3,06,94,219 |
| | 16,953,759 | 3,09,96,993 |
| | 18,406,683 | 3,24,39,416 |



12.1 Deposits include ₹. 2,03,48,967/- (Previous Year : ₹.1,81,94,219/-) pledged for cash margin against Bank Guarantee of ₹. 1,40,00,000/- (previous Year ₹. 90,00,000/-) given to PFRDA as per agreement.

12.2 Disclosure requirement as envisaged in Notification G.S.R. 308(E) dated 30th March 2017, requiring the companies to disclose the details of Specified Bank Notes (SBN) held and transacted during the period 8 Nov. 2016 to 30 Dec. 2016 (i.e. during demonetization), as under

| Particulars | SBNs | Other Denomination Notes | Total |
|---------------------------------------|------|--------------------------|-------|
| Closing cash in hand as on 08.11.2016 | - | - | - |
| (+) Permitted receipts | - | - | - |
| (-) Permitted payments | - | - | - |
| (-) Amount deposited in Banks | - | - | - |
| Closing cash in hand as on 30.12.2016 | - | - | - |

13. Other Current Assets

| | As At March 31st, 2017 | As At March 31st, 2016 |
|---|------------------------|------------------------|
| Prepaid Expenses | 1,273,646 | 867,081 |
| Service Tax Credit | - | 233,815 |
| Income Tax Refund FY 2012-13 | - | 64,860 |
| Income Tax Refund FY 2015-16 | 4,319,136 | 4,319,136 |
| Advance Tax FY 2016-17 (Net of Provision for Taxes on Income) | 3,320,787 | - |
| Interest accrued on term deposits other than long term | 69,314 | 1,276,024 |
| | 8,982,883 | 6,760,916 |
| Secured, considered Good | - | - |
| Unsecured, considered Good | 8,982,883 | 6,760,916 |
| Unsecured, considered Doubtful | - | - |

Amount in ₹

| | Figures for the year ended on current reporting period | Figures for the year ended on previous reporting period |
|------------------------------------|--|---|
| 14. Revenue From Operations | | |
| a) Income from operations | | |
| Management fees | 57,671,649 | 3,88,87,337 |
| | 57,671,649 | 3,88,87,337 |
| 15. Other Income | | |
| Interest Income | 24,051,014 | 2,69,99,026 |
| Other non-operating income | 575,900 | 58,874 |
| | 24,626,914 | 2,70,57,900 |

15.1 Other non-operating income include ₹. 5,75,900/- (previous Year : ₹. Nil) towards reimbursement of Legal Expenses @ 50% of ₹. 11,51,800/- paid on behalf of the NPS Trust to advocates representing the NPS Trust.



| | | |
|--|--|---|
| 16. Employee benefit expense | | |
| Salaries & Wages | 17,788,556 | 1,62,42,224 |
| Contribution to provident and other funds | 1,762,065 | 15,53,835 |
| Staff welfare Expenses | 335,067 | 3,32,822 |
| | 19,885,688 | 1,81,28,881 |
| 16.1 Salaries & wages includes salaries & wages paid to employees of State Bank of India on deputation as per effective circular no. CDO/ PRHRD-CM/70/2011-12 and CDO/P & HRD -CM/88/2012-13 dated 04.10.2011 & 15.03.13 respectively of ₹.1,48,24,888/- (Previous Year : ₹. 1,33,03,488/-) | | |
| 16.2 Contribution to provident and other funds also include provident and other funds payment to State Bank of India on salaries & wages paid for the employees on deputation of ₹. 17,62,065/- (Previous Year : ₹. 15,53,835/-) | | |
| 17. Depreciation and Amortisation Expenses | Figures for the year ended on current reporting period | Figures for the year ended on previous reporting period |
| Depreciation of tangible assets | 561,247 | 5,57,928 |
| Depreciation of intangible assets | 61,668 | 42,119 |
| | 622,915 | 6,00,047 |
| 17.1 In The Previous Year, the company has changed its method of charging depreciation on its fixed assets as per provision of schedule II of the companies act 2013 and the assets which has already completed their age of depreciation and still appearing in gross and net block of fixed assets are appropriated in Reserves and Surplus in excess of their residual value. | | |
| 17.2 The residual value of fixed assets where the estimated useful life as prescribed in the Schedule II of the Companies Act, 2013 was completed , the depreciation charged on such Fixed Assets has been reduced to the extent up to the excess of WDV over residual value of Fixed Assets. | | |
| 18. Other Expenses | Figures for the year ended on current reporting period | Figures for the year ended on previous reporting period |
| Audit Fees | 1,224,000 | 1,048,000 |
| Commission & Brokerage | 6,342,868 | 7,394,328 |
| Connectivity Charges | 2,054,227 | 1,755,292 |
| Director's Fees | 415,000 | 505,000 |
| Power & Fuel | 743,700 | 860,320 |
| Rent | 6,575,061 | 5,467,500 |
| Repairs & Maintenance | 256,227 | 359,299 |
| Insurance | 14,426 | 26,881 |
| License & renewal Fees | 23,009,405 | 15,703,528 |
| Miscellaneous Expenses | 5,077,579 | 5,456,073 |
| Professional Charges | 517,603 | 633,379 |
| Rates & Taxes | 427,005 | 251,644 |
| | 46,657,101 | 39,461,244 |
| 18.1 Miscellaneous Expenses includes Expenses made during the year having value less than 1% of turnover or ₹.100,000/- whichever is higher. | | |



| | | |
|---|---|--|
| 18.2 Rates and Taxes includes Amount paid directly to the society towards the Municipal Taxes ₹. 2,67,480/- (Previous Year ₹. 2,49,144/-), as in the previous year the same was reimbursed to the Lessor of the property. | | |
| 18.3 Payment to Auditors As: | | |
| Audit fees | Figures for the year ended on current reporting period | Figures for the year ended on previous reporting period |
| For Statutory Audit | 50,000 | 50,000 |
| For Internal Audit | 220,000 | 160,000 |
| For Scheme Audit | 834,000 | 718,000 |
| For Concurrent Audit Fees | 120,000 | 120,000 |
| | 1,224,000 | 1,048,000 |
| 19. Exceptional Item | | |
| - Prior period items | | |
| Arrears of Salary | - | 71,829 |
| Society Maintenance Charges | - | 1,76,345 |
| Loss on sale of Fixed Assets | 2,185 | - |
| Aggregate of exceptional items | 2,185 | 2,48,174 |
| 19.1 Arrears of salary of ₹. Nil (Previous Year : ₹. 71,829/-) paid on Account of Short Provision of Arrears of Salary in the Preceeding Previous Year. | | |
| 19.2 All other expenses are on account of short provisions in the earlier year. | | |
| 20. Extraordinary Items | | |
| Income Tax refund received o/a of Excess provision of Income Tax for FY 2014-15 | 66,370 | - |
| Loss of Assets | 66,370 | - |
| 21. Earnings per Share | | |
| Profit available for distribution to equity share holders A | 10,306,925 | 50,55,687 |
| Weighted average no of equity shares B | 30,000,000 | 3,00,00,000 |
| Basic Earnings per share C=A/B | 0.34 | 0.17 |
| Diluted Earnings per share D=A/B | 0.34 | 0.17 |
| 22. Contingent liabilities and commitments | | |
| (a) Claims against the company not acknowledged as debt | - | - |
| (b) Guarantees | 14,000,000 | 90,00,000 |
| (c) Other liabilities for which company is contingently liable | - | - |
| | 14,000,000 | 90,00,000 |
| 22.1 Financial Bank Guarantee favoring PFRDA for the period of 5 Years against pledge of Fixed deposit including accrued Interest of ₹. 2,03,48,967/-. | | |



| | | |
|---|-------------------------------|-----------|
| 23. Leases | | |
| Disclosure as required by Accounting Standard-19, 'Leases', issued by the Institute of Chartered Accountants of India- | | |
| The future minimum lease payments under cancellable operating lease | | |
| Within one year | 6,440,610 | 53,91,600 |
| After one year but not more than five years | 6,372,050 | 33,48,600 |
| More than five years | - | - |
| | 12,812,660 | 87,40,200 |
| 23.1 The Company has taken office premises & residential premises for employees under operating lease / leave & license basis. These are generally cancellable by giving prior notice and for tenure of two or three years and are renewable by mutual consent on mutually agreeable terms. | | |
| 23.2 Lease payments are recognized in the profit and loss account under 'Rent' in Note 17-Other Expenses | | |
| 24. Quantitative details | | |
| The company is primarily engaged in rendering services in the nature of management of assets of NPS Trust allocated to them and hence, it is not required to give any quantitative details as per Schedule III of companies act, 2013 | | |
| 25. Capital commitments | | |
| The Company does not have any outstanding capital commitment for any fixed assets as on March 31st, 2017 (Previous Year as on March 31st, 2016: Rs. NIL) | | |
| 26. Related Party Disclosures | | |
| Related party relationship on the basis of requirements of Accounting Standard 18 (AS-18) as issued by the Institute of Chartered Accountants of India, is identified by the Company and relied upon by the Auditors. | | |
| Key Managerial Person | | |
| Shri. Kumar Sharadindu, Managing Director & CEO (Date of Appointment- 24.01.2017)- DIN- 07341455 | | |
| Shri. Shailendra Kumar, Managing Director & CEO (Date of Appointment-16.10.2014, Date of Resignation - 30.12.2016) - DIN - 06959848 | | |
| Shri Hardik Chauhan, Company Secretary (Date of Appointment-24.12.2012)- PAN- AIAPC3852G | | |
| Shri, R. K. Bhatia, CFO (Date of Appointment-13.06.2015)- PAN- ABXPB3532C | | |
| Related Parties | Nature of Relation | |
| State Bank of India | Holding Company | |
| State Bank of Patiala | Subsidiary of Holding Company | |
| State Bank of Hyderabad | Subsidiary of Holding Company | |
| State Bank of Travancore | Subsidiary of Holding Company | |
| SBI Foundation | Subsidiary of Holding Company | |
| SBI Funds Management Pvt. Ltd. | Associate Company | |
| SBI Capital Markets Ltd. | Associate Company | |



| Transactions with related parties | | | |
|--|------------------------------|---|---------------------|
| Nature of transaction | Key managerial person | Body corporates where control exists | Gross Amount |
| <u>Share Capital</u> | | | |
| Opening Balance | - | 300,000,000 | 300,000,000 |
| Add : Issued during the year | - | - | - |
| Closing Balance | - | 300,000,000 | 300,000,000 |
| <u>Deposits</u> | | | |
| Opening Balance | - | 307,996,993 | 307,996,993 |
| Add: Fixed Deposit made during the year | - | 137,102,726 | 137,102,726 |
| Less : Matured during the year | - | 152,496,993 | 152,496,993 |
| Closing Balance | - | 292,602,726 | 292,602,726 |
| <u>Interest Accrued during the Year</u> | | | |
| Opening Balance | | 12,347,866 | 12,347,866 |
| Add : Accrued during the year | | 19,320,910 | 19,320,910 |
| Less : Received during the year | | 3,170,293 | 3,170,293 |
| Closing Balance | - | 28,498,483 | 28,498,483 |
| <u>Reimbursement of salary and other employee benefit</u> | | | |
| Opening Balance | - | 1,026,835 | 1,026,835 |
| Add: Reimbursement bill received during the year | - | 19,645,726 | 19,645,726 |
| Less : Payment during the year | - | 19,029,392 | 19,029,392 |
| Closing Balance | - | 1,643,169 | 1,643,169 |
| <u>Investment In Shares</u> | | | |
| Opening Balance | | - | - |
| Add: Purchase During the year | | 10,000 | 10,000 |
| Less : Sold During the year | | - | - |
| Closing Balance | | 10,000 | 10,000 |
| <u>Interest Received</u> | | | |
| | - | 24,051,014 | 24,051,014 |
| <u>Salary & Allowances</u> | | | |
| | 3,588,776 | - | 3,588,776 |
| <u>Rent Paid</u> | | | |
| | - | 3,576,000 | 3,576,000 |



Annexure - A
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2017
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the
Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

| | |
|--|---|
| CIN | U66020MH2007GOI176787 |
| Registration Date | 14.12.2007 |
| Name of the Company | SBI PENSION FUNDS PRIVATE LIMITED |
| Category/Sub-category of the Company | PRIVATE |
| Address of the Registered office & contact details | 32, 3 rd Floor, Maker Chambers III, Nariman Point, Mumbai - 400 021. Ph No. 022-22022812 |
| Whether listed company | No |
| Name, Address & contact details of the Registrar & Transfer Agent, if any. | N.A. |

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)

| S. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|--------|--|-----------------------------------|------------------------------------|
| 1 | Funds Management Service | 66302 | 100% |
| 2 | | | |
| 3 | | | |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

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

| Sl. No. | Name and Address of the Company | CIN/ GLN | Holding / Subsidiary / Associate | % of Shares Held | Applicable Section |
|---------|---------------------------------|-----------------------|----------------------------------|------------------|--------------------|
| 1 | State Bank of India | | Holding Company | 60.00% | 2 (46) |
| 2 | SBI Funds Management Pvt. Ltd. | U65990MH1992PTC065289 | Associate Company | 20.00% | 2 (6) |
| 3 | SBI Capital Markets Ltd. | U99999MH1986PLC040298 | Associate Company | 20.00% | 2 (6) |



III. VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2016] | | | | No. of Shares held at the end of the year [As on 31-March-2017] | | | | % Change during the year |
|---|---|-----------------|-----------------|-------------------|---|-----------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter s | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | | | | | | | | | |
| b) Central Govt | | | | | | | | | |
| c) State Govt(s) | | | | | | | | | |
| d) Bodies Corp. | | | | | | | | | |
| e) Banks / FI | - | 30000000 | 30000000 | 100% | - | 30000000 | 30000000 | 100% | - |
| f) Any other | | | | | | | | | |
| Total shareholding of Promoter (A) | - | 30000000 | 30000000 | 100% | - | 30000000 | 30000000 | 100% | - |
| | | | | | | | | | |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | | | | | | | | | |
| b) Banks / FI | | | | | | | | | |
| c) Central Govt | | | | | | | | | |
| d) State Govt(s) | | | | | | | | | |
| e) Venture Capital Funds | | | | | | | | | |
| f) Insurance Companies | | | | | | | | | |
| g) FIs | | | | | | | | | |
| h) Foreign Venture Capital Funds | | | | | | | | | |
| i) Others (specify) | | | | | | | | | |
| Sub-total (B)(1):- | | | | | | | | | |
| | | | | | | | | | |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | | | | | | | | | |
| ii) Overseas | | | | | | | | | |
| b) Individuals | | | | | | | | | |



| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2016] | | | | No. of Shares held at the end of the year [As on 31-March-2017] | | | | % Change during the year |
|--|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | | | | | | | | | |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | | | | | | | | | |
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians | | | | | | | | | |
| Overseas Corporate Bodies | | | | | | | | | |
| Foreign Nationals | | | | | | | | | |
| Clearing Members | | | | | | | | | |
| Trusts | | | | | | | | | |
| Foreign Bodies - D R | | | | | | | | | |
| Sub-total (B)(2):- | | | | | | | | | |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | | | | | | | | | |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Grand Total (A+B+C) | - | 30000000 | 30000000 | 100% | - | 30000000 | 30000000 | 100% | - |

B) Shareholding of Promoter-

| SN | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % 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 | | | | | | | | |
| 2 | | | | | | | | |
| 3 | | | | NIL | | | | |
| 4 | | | | | | | | |
| 5 | | | | | | | | |



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

| SN | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | | | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | | NIL | | |
| | At the end of the year | | | | |

**D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

| SN | For Each of the Top 10 Shareholders ** | Shareholding at the beginning of the year | | 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 | 18000000 | 60.00% | 18000000 | 60.00% |
| | SBI Funds Management Pvt Ltd. | 6000000 | 20.00% | 24000000 | 80.00% |
| | SBI Capital Markets Ltd | 6000000 | 20.00% | 30000000 | 100.00% |

Note: ** There has been no change in shareholding pattern.

E) Shareholding of Directors and Key Managerial Personnel:

| SN | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | | | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | | NIL | | |
| | At the end of the year | | | | |



V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | | | | |
| Change in Indebtedness during the financial year | | NIL | | |
| * Addition | | | | |
| * Reduction | | | | |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | | | | |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

| SN. | Particulars of Remuneration | Name of MD/WTD/ Manager | Name of MD/WTD/ Manager | Total Amount |
|-----|---|-------------------------|-------------------------|--------------|
| | | Shri Shailendra Kumar | Shri Kumar Sharadindu | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 14,88,041.00 | 5,08,215.00 | 19,96,256.00 |
| | (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) | 14,88,041.00 | 5,08,215.00 | 19,96,256.00 |
| | Ceiling as per the Act | - | - | - |



B. Remuneration to other directors

| SN. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|-----|--|-------------------|----------------|-------------------|---------------------|--------------|
| | | Shri M Kisnadwala | Shri V K Gupta | Shri M P Mehrotra | Prof. Gitika Kapoor | |
| 1 | Independent Directors | | | | | |
| | Fee for attending board / committee meetings | 1,05,000 | 1,40,000 | 70,000 | 1.00,000 | 4,15,000 |
| | Commission | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - |
| | Total (1) | 1,05,000 | 1,40,000 | 70,000 | 1.00,000 | 4,15,000 |
| 2 | Other Non-Executive Directors | - | - | - | - | - |
| | Fee for attending board committee meetings | - | - | - | - | - |
| | Commission | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - |
| | Total (2) | - | - | - | - | - |
| | Total (B)=(1+2) | 1,05,000 | 1,40,000 | 70,000 | 1.00,000 | 4,15,000 |
| | Total Managerial Remuneration (A + B) | - | - | - | - | 24,11,256 |
| | Overall Ceiling as per the Act | - | - | - | - | - |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| SN | Particulars of Remuneration | Key Managerial Personnel | | | |
|----|---|--------------------------|--------------------------|-------------------------|-----------|
| | | CEO | Shri Hardik Chauhan - CS | Shri R. K. Bhatia - CFO | Total |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 8,68,000 | 15,92,520 | 24,60,520 |
| | (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 | - | 8,68,000 | 15,92,520 | 24,60,520 |



VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | None | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | None | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | None | | |
| Compounding | | | | | |



ANNEXURE - B

FORM NO. AOC-2

(PURSUANT TO CLAUSE (H) OF SUB-SECTION (3) OF SECTION 134 OF THE ACT AND
RULE 8(2) OF THE COMPANIES (ACCOUNTS) RULES, 2014)

FORM FOR DISCLOSURE OF PARTICULARS OF CONTRACTS/ ARRANGEMENTS
ENTERED INTO BY THE COMPANY WITH RELATED PARTIES REFERRED TO IN SUB
SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013 INCLUDING CERTAIN
ARMS LENGTH TRANSACTIONS UNDER THIRD
PROVISO THERETO

| 1 Details of contracts or arrangement or transactions not at arm's length basis: | | | | | | | | | | |
|--|------------------------------|-------------------------|------------------------|------------------------------|---------------------------------------|---------------------|---------------------------------|-----------------------------------|-------------------------|-----------------------------|
| Sr No. | Name(s) of the related party | Nature of Relation-ship | Nature of Trans-action | Duration of the Trans-action | Salient fea-tures of the Transactions | Trans-actions value | Justifica-tion for transac-tion | Date (s) of approval by the Board | Amount paid as advances | Date of special resolu-tion |
| 1 | NIL | | | | | | | | | N.A. |

| 2 Details of contracts or arrangement or transactions at arm's length basis: | | | | | | | |
|--|------------------------------|-------------------------|----------------------------|-------------------------------------|----------------------|---|-------------------------|
| Sr No. | Name(s) of the related party | Nature of Relation-ship | Nature of Transaction | Duration of the Transaction | Transactions value | Date (s) of approval by the Board | Amount paid as advances |
| 1 | State Bank of India | Holding Company | Expenses (Lease Agreement) | 36 months (01.08.2016 - 31.07.2019) | 3,08,000/- per month | ince this RPT are in the ordinary course of business and is at arms length basis, approval of the Board is not appli-cable. | |



NOTES

Lined writing area with horizontal lines.



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