

Fourth Annual Report 2011 - 12



SBI Pension Funds Private Limited
Future Secure

Board of Directors



Shri. Pratip Chaudhuri
Chairman



Shri. Mayur Kisnadwala
Director



Shri. Shyamal Acharya
Director



Dr. T. T. Ram Mohan
Director



Dr. (Ms.) Susan Thomas
Director



Shri. Biswajit Mohanty
Managing Director & CEO

SBI Pension Funds Pvt. Ltd.
Fourth Annual Report
2011 - 2012

Contents

Board of Directors.....	2
Directors' Report	3
Auditors' Report.....	9
CAG Report.....	13
Balance Sheet and Profit and Loss Account	14
Cash Flow Statement.....	16



Board of Directors

- | | | |
|---------------------------|---|-------------------------|
| 1. Shri. Pratip Chaudhuri | - | Chairman |
| 2. Shri. Shyamal Acharya | - | Director |
| 3. Dr. T.T. Ram Mohan | - | Director |
| 4. Dr. (Ms.) Susan Thomas | - | Director |
| 5. Shri. Mayur Kisnadwala | - | Director |
| 6. Shri Biswajit Mohanty | - | Managing Director & CEO |

Regd. Office :
SBI Pension Funds Private Limited

No. 32, 3rd Floor,
Maker Chamber-III, Nariman Point,
Mumbai - 400 021.
Tel.: 022-2202812 / 3887
Fax : 022-22020576 / 4318
e-mail : sbipfpl@sbi.co.in
Web : www.sbipensionfunds.com



SBI PENSION FUNDS PVT LTD
Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Fourth Annual Report together with the audited accounts of the Company for the year ended March 31, 2012.

Financial Performance:-

The highlights of the financial results of your Company for the accounting year ended March 31, 2012 are as under

(Rs. In thousands)

Description	Year ended March 31, 2012	Year ended March 31, 2011
Operating Income	428	343
Expenses	25004	20732
Operating Profit / (Loss)	(24576)	(20389)
Other Income	19512	20819
Profit / (Loss) before tax	(5064)	430
Provision for Tax (including deferred tax)	(1550)	398
Provision for tax (FY 2008-09) reversed	(169)	-
Profit / (Loss) after tax	(3345)	32
Balance brought forward from Previous Year	738	706
Balance carried to Balance Sheet	(2607)	738

Capital Adequacy:-

The Regulators, the Pension Fund Development Authority (PFRDA), have not prescribed any Capital Adequacy Ratio for the Pension Fund Industry. However, Pension Fund Managers are required to maintain minimum positive Net Worth of Rs. 10 crores. The Net Worth of your Company as on 31st March, 2012 stood at Rs 19.74 crores.

Dividend:-

In terms of regulatory guidelines, dividend is payable out of current year profits. Since there is no profit available for distribution, your Board has not proposed any dividend for the year.

Business Environment :-

Global

FY 2011 - 12 saw high oil and commodity prices, political turmoil in the Middle East, natural disasters in Japan, sovereign debt concerns in the Euro zone and debt problems in the US impacting global economic activity including emerging markets. Global uncertainty continued throughout 2011 especially in Euro zone. The last quarter of the fiscal saw financial market pressures in the euro area alleviated to some extent through large scale liquidity injection by the European Central Bank (ECB). However, growth in the euro area turned negative in Q4 - 2011. Emerging and developing economies also showed signs of growth slowdown. While macroeconomic data for the US economy showed some positive signs, the US



Fed expects economic conditions to remain uncertain and recovery weak at least through FY 2012 - 13.

Domestic

Growth

GDP growth declined to 6.10% in Q3 reflecting slowdown in industrial activity. On the expenditure side, growth moderation was primarily due to deceleration in investment and weak external demand. The index of industrial production (IIP) moderated to 4.00% during 2011-12 (April-January) from 8.30% in the corresponding period a year ago. As per Central Statistical Office, GDP growth for FY 2011-12 is estimated at 6.90%.

Inflation

After remaining above 9.00% during April-November 2011, headline inflation (WPI) moderated to 7.00% by February 2012. The moderation stemmed mainly from primary food articles, fuel and manufactured products. With global commodity prices stabilizing and lower inflationary expectations, average inflation in FY 2012-13 is expected to be lower than average inflation for 2011-12.

Fiscal Situation

Fiscal conditions deteriorated during 2011-12 (April-January) with key deficit indicators exceeding budget estimates for the full year. Apart from sluggishness in tax revenues, sharp increase in Government non-plan expenditure, particularly subsidies, added to fiscal pressures. The fiscal deficit for FY 2011 - 12 now stands revised at 5.90% of GDP.

Market Conditions

Equity

Equity markets saw selling pressures during the first three quarters of the fiscal due to declining growth and high inflation. NIFTY declined by 21% from 5833.75 to 4624.30 over the period April to December 2011. The last quarter of the fiscal saw the NIFTY improving by 14.50% from 4624.30 to 5295.55 driven by easing global liquidity, especially in Euro zone, and resultant FII inflows (Net inflow Q4 FY 2011-12 : Rs 43950 crs). During the same quarter, domestic Institutional Investors remained net sellers in the equity markets. The NIFTY gave a negative return of 9.24% for the fiscal.

Bonds

Due to inflationary concerns the RBI maintained tight monetary stance during the first seven months of the fiscal, raising the repo rate by 175 bps. With inflation moderating and liquidity conditions extremely tight during the last quarter of the fiscal, RBI cut CRR by 125 bps in two tranches infusing about Rs. 80,000 crs of



primary liquidity into the system. But USD sell by RBI to check rupee depreciation has kept systemic liquidity in negative in excess of Rs. One Lac crores. The benchmark 10 year yield, after moving in the broad range of 8.15% - 8.90% during the fiscal, ended the year at 8.5723% vis-a-vis 7.98% the previous year end.

Company Performance :-

- With AUM of Rs.5,837 crs in the Organised Sector (Central & State Government NPS Schemes) and Rs.184 crs in the Informal Sector (Tier-I, Tier-II & NPS Lite Schemes), the Company maintained lead position amongst Pension Fund Managers (7 Nos) in terms of market share - 39.41% of total AUM for the Organised Sector, 52.31% of total AUM for the Informal Sector.
- In terms of NAV return since inception, the Company maintained the lead amongst Pension Fund Managers in 6 out of 9 asset categories under the five NPS schemes.
- Comparative ranking amongst PFMs in the various NPS Schemes is set out below:-

a. YTD returns :

Pension Scheme		Comparative Ranking as on	
		31.03.2011	31.03.2012
Organised Sector	Central Govt.	3	1
	State Govt.	3	1
Informal Sector	Tier I	1	1
	Tier II	1	2
	NPS Lite	1	2

b. Since Inception CAGR

Pension Scheme		Comparative Ranking as on	
		31.03.2011	31.03.2012
Organised Sector	Central Govt.	1	1
	State Govt.	3	3
Informal Sector	Tier I	5	2
	Tier II	1	1
	NPS Lite	1	1

Business outlook :-

Your Company's mandate for managing the NPS pension corpus of Government employees has been renewed by the PFRDA for a further period of three years upto 31.03.2015 on a competitive bidding basis with management fee of 0.0102%, which although still inadequate to cover operating expenses, is an improvement on the earlier fee (0.0009%).



The Company has regained its position as the leading Pension Fund Manager in terms of YTD NAV returns and with incremental corpus allocation by the NPS Trust determined by previous year performance, we are sanguine about improving our market share in the Organised sector. Going forward, the Organised Sector NPS corpus is expected to grow @ 40% p.a. over the next three years and the Organised Sector AUM managed by your company is expected to touch Rs.15,000 crs. by 31.03.2015.

The flow of funds under the Informal Sector (all citizens) NPS model has improved with the launch of the NPS Lite scheme for the weaker sections of society. With introduction of the Corporate Sector NPS model by the PFRDA and the Banking & Insurance Sectors coming on board NPS, inflows will further strengthen and we expect the Informal Sector AUM managed by your Company to touch at least Rs.1,500 crores by 31.03.2015, taking the total AUM managed by your Company to around Rs.16,500 crores by the close of FY 2014 - 15.

Risk Management :-

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 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 through the Risk Management Committee of the Board which oversees risk management operations and policy formulation.

Directors :-

Presently there are six (6) Directors on the Board of your Company.

During the year under review, two (2) Nominee Directors resigned and new Directors appointed in their place as under:-

- Shri O.P. Bhatt resigned from Directorship on 31.03.2011 on demitting the office of the Chairman, State Bank of India. Shri Pratip Chaudhuri, on assuming office of the Chairman, State Bank of India, was appointed as Director and Chairman of the Board w.e.f. 07.04.2011 vide article 104 A of the Articles of Association of the Company.
- Consequent upon his superannuation from service with the State Bank of India Shri R. Sridharan resigned from the Directorship of the Company as at the close of business of 30.06.2011. Shri Shyamal Acharya, Dy. Managing Director & GE (A&S) with State Bank of India, was nominated as Director in his place.

Consequent upon the vacation of the office of Managing Director & CEO by Shri R. Chinnaiyan as at the close of the business of 03.08.2011, Shri Biswajit Mohanty was appointed as Managing Director & CEO of the Company for a period of 2 years commencing from 10.08.2011.



Dr. T.T. Ram Mohan, Shri Mayur Kisnadwala and Dr. (Ms) Susan Thomas, Independent Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Board Meetings

Four (4) meetings of the Board were held during the year on 21.04.2011, 23.07.2011, 13.10. 2011 and 16.01.2012.

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 activities and exercises fiduciary responsibilities with utmost commitment to enhance transparency, disclosures and adherence to core values. To ensure that internal controls & monitoring system 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 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm that:-

- (i) applicable accounting standards have been followed with proper explanation relating to material departures, if any, in the preparation of the annual accounts
- (ii) accounting policies have been adopted & applied consistently and judgments & estimates made 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, 2012 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 FY 2011-12.

Statutory Information :-

There being no employees covered by the provisions of the Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules, 1975, no statement containing the particulars of such employees is annexed to the report.

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 217 (1) (e) of the Companies Act, 1956.

Public Deposits :-

During the year ended 31st March, 2012, the Company had not accepted any public deposits within the meaning of the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions 1998, vide notification no. DFC 118/DG (SPT)-98 dated January 31, 1998.

Auditors :-

M/s Banshi Jain & Associates, Chartered Accountants were re-appointed as Statutory Auditors of the Company for the FY 2011-12 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 292A of the Companies Act 1956, your Company has in place an Audit committee of the Board consisting of three directors, of which, two members are Independent Directors as under :-

- | | | | |
|-------|---------------------------------------------|---|----------|
| (i) | Shri Mayur Kisnadwala, Independent Director | - | Chairman |
| (ii) | Dr. T.T. Ram Mohan, Independent Director | - | Member |
| (iii) | Shri Shyamal Acharya | - | Member |

During FY 2011-12, meetings of the Audit Committee were held on 21.04.2011, 23.07.2011, 12.10.2011 and 13.01.2012.

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, Bank of India, 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 team work 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.

For and on behalf of the Board

Place : Mumbai
Dated : 30.04.2012

(Pratip Chaudhuri)
CHAIRMAN



**AUDITORS' REPORT TO THE MEMBERS OF
SBI PENSION FUNDS PRIVATE LIMITED**

1. We have audited the attached Balance Sheet of **SBI PENSION FUNDS PRIVATE LIMITED**, as at 31st March, 2012, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) (Amendment) Order 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have 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 Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **BANSHI JAIN & ASSOCIATES**
Chartered Accountants

ANUJ B. GOLECHA
Partner
Membership No. 117617
FRN: 100990W

MUMBAI, 30.04.2012



ANNEXURE TO AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date,)

The nature of the Company's business/activities for the period are such that the requirements of items (ii),(vi),(viii),(x),(xi),(xii),(xiii),(xiv),(xv),(xvi),(xix) and (xx) of paragraph 4 of the order are not applicable to the company.

- 1) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the company during the year.
- 2) The company has neither granted nor taken any loans, secured or unsecured, to or from any companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore paragraph 4 (iii) of the order are not applicable.
- 3) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- 4) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore paragraph 4 (v) of the order are not applicable.



- 5) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- 6) a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax and other material statutory dues as applicable with the appropriate authorities. There are no outstanding dues in respect of the above items, which are more than six months as at the balance sheet date.
b) According to the information and explanations given to us and according to the books and records as produced and examined by us, there are no dues of income tax, service tax, wealth tax and cess etc. which have not been deposited on account of any dispute.
- 7) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment and vice versa.
- 8) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- 9) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For BANSHI JAIN & ASSOCIATES

Chartered Accountants

pp

ANUJ B. GOLECHA

Partner

Membership No. : 117617

FRN:100990W

MUMBAI, 30.04.2012



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF SBI PENSION FUNDS PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2012.

The preparation of financial statements of SBI Pension Funds Private Limited for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 April 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditor on the accounts of SBI Pension Funds Private Limited for the year ended 31 March 2012 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

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



(Alka R. Bhardwaj)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai.
Date : 8 June 2012



Balance Sheet as at 31st March, 2012

Particulars	Note No.		Current Year 31-Mar-12 (₹)		Previous Year 31-Mar-11 (₹)
I. Equity and Liabilities					
(1) Shareholders' Funds					
(a) Share Capital	2.1	200,000,000		200,000,000	
(b) Reserves and Surplus	2.2	(2,606,777)	197,393,223	738,540	200,738,540
(2) Share application money pending allotment			-	-	
(3) Non-current Liabilities					
(a) Long-term borrowings			-	-	-
(b) Deferred tax liabilities (net)			-	-	-
(c) Other Long term liabilities			-	-	-
(d) Long-term provisions			-	-	-
(4) Current liabilities					
(a) Short-term borrowings			-	-	-
(b) Trade Payables			-	-	-
(c) Other current liabilities	2.3	155,835		215,946	
(d) Short-term provisions	2.4	2,139,355	2,295,190	5,743,390	5,959,336
TOTAL			199,688,413		206,697,876
II. Assets					
(1) Non-current assets					
(a) Fixed Assets					
(i) Tangible assets	2.5	2,892,103		3,070,911	
(ii) Intangible assets	2.6	-		162,295	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments		-		-	
(c) Deferred tax assets (net)	2.7	2,681,966		1,131,738	
(d) Long-term loans and advances	2.8	6,110,809		6,900,685	
(e) Other non-current assets			11,684,878		11,265,629
(2) Current assets					
(a) Current investments	2.9	18,009,763		822,254	
(b) Inventories		-		-	
(c) Trade receivables	2.10	162,270		77,933	
(d) Cash and cash equivalents & Bank Balance	2.11	160,219,313		150,433,262	
(e) Short-term loans and advances	2.12	85,272		73,295	
(f) Other current assets	2.13	9,526,917	188,003,535	44,025,503	195,432,247
TOTAL			199,688,413		206,697,876
Summary of significant accounting policies	1				
The accompanying notes are an integral part of the financial statements					

As per our report of even date

For **Banshi Jain & Associates,**
Chartered Accountants

For and on behalf of the Board of Directors

Anuj B. Golecha
Partner
Membership No. 117617
Mumbai,
Dated : 30th April, 2012Pratip Chaudhuri
ChairmanManoj Joshi
Company SecretaryBiswajit Mohanty
Managing Director & CEO

Profit & Loss statement for the year ended 31st March, 2012

Particulars	Note No.	Year ended 31-Mar-12 ₹	Year ended 31-Mar-11 ₹
I. Revenue from operations	2.14	428,220	343,230
II. Other Income	2.15	19,511,642	20,818,999
III. Total Revenue (I+II)		19,939,862	21,162,229
IV. Expenses			
Employee benefits expense	2.16	10,255,276	6,353,216
Finance Costs	-	-	-
Depreciation and amortization expense	2.17	775,148	1,122,669
Other expenses	2.18	13,973,964	13,256,047
Total expenses		25,004,388	20,731,932
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		(5,064,526)	430,297
VI. Exceptional items :		-	-
VII. Profit before extraordinary items and Tax (V - VI)		(5,064,526)	430,297
VIII. Extraordinary items		-	-
IX. Profit before tax (VII - VIII)		(5,064,526)	430,297
X. Tax expense			
Current tax		-	80,000
Deferred tax		1,550,228	318,063
Earlier year tax		168,981	-
Profit /(Loss) After taxes		(3,345,317)	32,234
Balance carried to Balance Sheet		(3,345,317)	32,234
Earnings per equity share	2.19		
(1) Basic		(0.1673)	0.0016
(2) Diluted		(0.1673)	0.0016
Summary of significant accounting policies	1		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For **Banshi Jain & Associates,**
Chartered Accountants

For and on behalf of the Board of Directors

Anuj B. Golecha
Partner
Membership No. 117617
Mumbai,
Dated : 30th April, 2012Pratip Chaudhuri
ChairmanManoj Joshi
Company SecretaryBiswajit Mohanty
Managing Director & CEO

Cash flow statement for the year ended 31-Mar-12

	For the year ended 31-Mar-12 ₹	For the year ended 31-Mar-11 ₹
A. Cash flow from operating activities		
Profit / (Loss) before taxation	(5,064,526)	430,297
	(5,064,526)	430,297
Adjustments for :		
Depreciation	775,148	1,122,669
Provision for Expenses	373,746	309,001
Other Income	19,511,642	20,808,524
	(18,362,748)	(19,376,854)
Operating loss before working capital changes	(23,427,274)	(18,946,557)
Increase / Decrease in Trade Receivable	(84,337)	(30,744)
Increase / Decrease in Loans & Advances	1,920,546	2,177,689
Increase / Decrease in Current Liabilities	(3,868,911)	1,697,506
Cash generated from Operations	(25,459,976)	(15,102,106)
Direct Tax Paid (TDS)	1,142,647	2,095,139
Net cash flow from operating activities	(26,602,623)	(17,197,245)
B. Cash flow from investing activities		
Dividend Income from Investments	-	-
Interest Received	54,010,228	2,709,654
Decrease/Increase in Fixed Deposits	(10,000,000)	15,000,000
Investment in Mutual Fund	(17,187,509)	(822,254)
Purchase of Fixed Assets	(434,045)	(5,819)
Increase in other Current Assets	-	(2,912)
Net cash used in investing activities	26,388,674	16,878,669
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)	(213,950)	(318,576)
Cash and cash equivalents as at the commencement of the year	433,263	751,838
Cash and cash equivalents as at the end of the year	219,313	433,262
Net Increase/(Decrease) as disclosed above	(213,950)	(318,576)

As per our report of even date

For Banshi Jain & Associates,
Chartered AccountantsAnuj B. Golecha
Partner
Membership No. 117617
FRN : 100990W
Mumbai,
Dated : 30th April, 2012

For and on behalf of the Board of Directors

Pratip Chaudhuri
ChairmanManoj Joshi
Company SecretaryBiswajit Mohanty
Managing Director & CEO

SBI PENSION FUNDS PVT. TLD

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements have been prepared to comply in all material respect with the mandatory Accounting standards issued by the Institute of Chartered Accountants of India/Accounting Standard Rules 2006, in accordance with Generally Accepted Accounting Policies and as per the provision of the Companies Act, 1956. The financial statements are prepared under the historical cost convention on accrual and going concern basis.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates.

3. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The Company presents revenues net of Service Tax in its Profit & Loss Statement.

4. Fixed Assets

Fixed Assets are stated at cost of acquisition 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.

5. Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortization.

6. Depreciation and Amortization

Fixed Assets are depreciated on a written down value method at the rates specified in Schedule XIV of Companies Act, 1956.



Depreciation for assets purchased / sold during a period is proportionately charged. Proportionate depreciation is charged for addition / deletion during the period.

Individual assets of value less than Rs.5000/- are depreciated in the year of purchase.

Intangible Assets are amortized over a period of 3 years on straight line method.

7. Impairment of Assets

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of the assets to be held and used is measured by a comparison of the carrying amount of an asset to future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair market value of the asset.

8. Employee Benefits

- 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.
- b. Liabilities on account of the provision of Gratuity, based on the actuarial valuation, for the eligible employees are charged to profit and loss account.
- c. Liabilities on account of the provision of Gratuity, of officer on deputation from State Bank of India are made by State Bank of India.
- d. 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, 95 % 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.

9. Foreign Currency Transactions

- a. Transactions in foreign currencies are recorded at the exchange rate prevailing at the time of occurrence of the transactions.
- 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. Any gains or losses on account of exchange difference either on settlement or translation are recognized in Profit and Loss Account.



10. Income Tax

Current tax is determined as the tax payable in respect of taxable income for the period and is computed in accordance with relevant tax regulations.

Deferred income taxes are recognized for future tax consequences attributable to the timing differences between incomes as determined by the financial statements and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognized under income using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

11. Provisions

A provision is recognized when an enterprise 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.

12. Contingent Liabilities

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.

13. Cash Flow Statement

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.



14. Investments

Investments classified as long term investments are carried in the financial statement at cost, however the provision for diminution shall be made to recognize a decline other than temporary in the value of investments such reduction being determined and made for each investment individually.

NOTES FORMING PART OF ACCOUNTS

The Company is a Private Limited Company within the meaning of Section 3(1) (iii) of the Companies Act 1956 and is a subsidiary of State Bank of India. Accordingly, it has complied with all the Accounting Standards applicable to a Non-SMC as defined under the Accounting Standards issued by the Institute of Chartered Accountants of India.

2.1 SHARE CAPITAL :

In ₹

Particulars	As At March 31, 2012	As At March 31, 2011
Authorised Equity Shares of ₹. 10/- each. 10,00,00,000 Equity Shares	1,000,000,000	1,000,000,000
Issued, Subscribed and Paid-Up Equity shares, ₹.10/- par value fully paid. 2,00,00,000 Equity Shares	200,000,000	200,000,000

The Company has only one class of shares referred to as equity shares having a par value of ₹10/-. Each holder of equity shares is entitled to one vote per share.

18,000,000 Equity Shares of the issued share capital are held by State Bank of India.

The details of shareholder holding 5% or more shares as at March 31, 2012 are set out below:

Name of Shareholder	As at 31 st March, 2012		As at 31 st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
State Bank of India	18,000,000	90%	18,000,000	90%
SBI Funds Management Pvt. Ltd	1,000,000	5%	1,000,000	5%
SBI Life Insurance Co. Ltd.	-	-	1,000,000	5%
SBI Capital Markets Ltd.	1,000,000	5%	-	-
Total	20,000,000	100%	20,000,000	100%



Reconciliation of the number of shares outstanding

Particulars	As At March 31, 2012	As At March 31, 2011
Number of shares at the beginning	20,000,000	20,000,000
Add: Shares issued	-	-
Less: Shares bought back during the year	-	-
Number of shares at the end	20,000,000	20,000,000

2.2 RESERVES AND SURPLUS

In ₹

Particulars	As At March 31, 2012	As At March 31, 2011
Surplus		
Opening balance	7,38,540	7,06,306
(+) Net Profit/(Net Loss) For the current year	(33,45,317)	32,234
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	(26,06,777)	7,38,540

2.3 OTHER CURRENT LIABILITIES

In ₹

Particulars	As At March 31, 2012	As At March 31, 2011
Other Payable	155,835	215,946
Total	155,835	215,946

2.4 SHORT TERM PROVISIONS

In ₹

Particulars	As At March 31, 2012	As At March 31, 2011
Provision for Income Tax	136,000	2,042,511
Provision for Fringe Benefit Tax	-	80,000
Provision for Expenses (Includes Reimbursement to SBI)	1,042,890	3,151,373
Provision For Employment Benefit	960,465	469,506
Total	2,139,355	5,743,390

2.5 Tangible assets

Sl. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 01-04-2011	Addition during the year	Deduction during the year	As at 31-03-2012	For the year	Deduction during the year	Up to 31-03-2012	As at 31-03-2012	As at 31-03-2011
A	TANGIBLE ASSETS									
1	Computers	1,039,248	236,676	-	1,275,924	158,291	-	903,932	371,992	293,607
2	Furniture	2,203,246	5,580	-	2,208,826	240,465	-	1,117,504	1,091,322	1,326,207
3	Office Equipments	656,869	191,789	-	848,658	72,667	-	295,185	553,473	434,351
4	Plant & Machinery	648,908	-	-	648,908	61,367	-	269,110	379,798	441,165
5	Electrical Installations	870,252	-	-	870,252	80,063	-	374,734	495,518	575,581
	TOTAL (A+B)	5,418,523	434,045	-	5,852,568	612,853	-	2,960,465	2,892,103	3,070,911
	Previous Year	5,412,704	5,819	-	5,418,523	722,709	-	2,347,612	3,070,911	3,233,206

2.6 Intangible assets

Sl. No.	Particulars	GROSS BLOCK			AMORTIZATION			NET BLOCK		
		As at 01-04-2011	Addition during the year	Deduction during the year	As at 31-03-2012	For the year	Deduction during the year	Up to 31-03-2012	As at 31-03-2012	As at 31-03-2011
A	INTANGIBLE ASSETS									
1	Software	1,200,000	-	-	1,200,000	162,295	-	1,200,000	-	162,295
	TOTAL (A+B)	1,200,000	-	-	1,200,000	162,295	-	1,200,000	-	162,295
	Previous Year	1,200,000	-	-	1,200,000	399,960	-	1,037,705	-	162,295



2.7 Disclosure of Deferred Tax

As per the Accounting Standard 22 - 'Accounting for Taxes on Income' issued by ICAI, the Deferred Tax Assets / (Liability) comprise the following:

In ₹

Particulars	March 31 st 2012	March 31 st 2011
Deferred Tax liability		
Fixed assets: Impact of differences between tax depreciation and depreciation/amortization charge for the financial reporting	81,822	148,934
Gross Deferred Tax Liability	81,822	148,934
Deferred Tax Asset		
Unabsorbed Depreciation	2,324,501	402,098
Preliminary Expenses	439,287	878,574
Gross Deferred Tax Asset	2,763,788	1,280,672
Net Deferred Tax Asset /(Liability)	2,681,966	1,131,738

2.8 LOANS AND ADVANCES

In ₹

Particulars	As At March 31, 2012	As At March 31, 2011
Security Deposits :-		
Rent Deposit	968,000	618,000
Others:-		
Advance Income Tax	3,527,336	6,195,738
Fringe Benefit Tax	-	70,586
Unutilized Service Tax Input credit	1,615,473	16,361
Total	6,110,809	6,900,685



2.9 CURRENT INVESTMENTS

In ₹

Particulars	As At March 31, 2012	As At March 31, 2011
Investment in Mutual Fund (valued at lower of cost and fair value, unless otherwise stated)		
(a) Quoted :	-	-
(b) Unquoted :		
i. J P Morgan India Liquid Fund Retail Growth Nil (71208.665)Units, Face value Rs. 10/- each	-	822,254
ii. Birla Sun life Savings Fund Retail Growth 70832.223 (Nil) Units Face value Rs. 100/- each	13,009,763	-
iii. DSP Black Rock 3 M FMP Maturity 15.05.2012, 500000 (Nil) Units, Face value Rs. 10 each	5,000,000	-
Total	18,009,763	822,254

2.10 Trade Receivable

In ₹

Particulars	As At March 31, 2012	As At March 31, 2011
Debts outstanding for a period exceeding six months		
Unsecured	Nil	Nil
Considered Good		
Considered doubtful		
Less: Provision for doubtful debts		
Other debts		
Unsecured		
Considered good (*)	162,270	77,933
Considered doubtful		
Less: Provision for doubtful debts		
Total	162,270	77,933

* Includes Rs. 25000/- due from, dues from Related Parties (State Bank of India)



2.11 Cash & Cash Equivalents and Bank Balance

In ₹

Particulars	As At March 31, 2012	As At March 31, 2011
Cash on hand	-	-
Balances with banks In current Account	219,313	433,262
In Deposit accounts	160,000,000	150,000,000
Total	160,219,313	150,433,262

The deposits maintained by the Company with banks comprise of term deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

2.12 Short-term loans and advances

In ₹

Particulars	As At March 31, 2012	As At March 31, 2011
Prepaid Expenses	85,272	73,295
Total	85,272	73,295

2.13 Other current assets

In ₹

Particulars	As At March 31, 2012	As At March 31, 2011
Interest Accrued	9,526,917	44,025,503
Total	9,526,917	44,025,503

2.14 Revenue from Operations

In ₹

Particulars	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Management fees	428,220	343,230
Total	428,220	343,230

2.15 Other Income

In ₹

Particulars	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Interest on Fixed Deposits	17,994,880	20,577,230
Interest on Income Tax Refund	134,165	125,425
Net Gain on Sale of Current Investments	1,382,597	116,344
Total	19,511,642	20,818,999



2.16 Employment Benefit Expenses

In ₹

Particulars	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Salaries, Wages, Allowances, Insurance	6,535,928	5,869,746
Contribution to Provident Fund	3,429,294	286,666
Staff Welfare	290,054	196,804
Total	10,255,276	6,353,216

2.17 Depreciation and amortization expenses

In ₹

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Depreciation of tangible Assets	612,853	722,709
Amortisation of Intangible Assets	162,295	399,960
Total	775,148	1,122,669

2.18 Other Expenses

In ₹

Particulars	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Annual Fee - PFRDA	1,000,000	1,000,000
Auditors Remuneration (Refer Details below)	40,000	44,120
AMC	63,154	62,119
Brokerage (NPS)	1,042,479	790,443
Brokerage and Commission	35,000	14,800
Sitting Fees	137,500	132,500
Electricity Expenses	623,857	425,252
I T Expenses	247,262	779,898
Insurance Charges	12,894	8,775
News Wire	821,996	754,170
Internet & Connectivity Charges	47,202	42,326
Office Expenses	530,018	446,411
Printing, Stationary & Consumables	286,700	205,795
Legal and Professional fees	477,046	287,689
Rent	5,905,667	6,291,367
Repairs & Maintenance	82,380	11,311
Telephone & Mobile Expenses	243,796	205,221
Traveling and Conveyance	1,951,630	1,557,056
Training Expenses	64,332	20,000
Miscellaneous Expenses	361,051	176,794
Total	13,973,964	13,256,047



AUDITORS' REMUNERATION :-

In ₹

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Statutory Audit Fees	40,000	44,120
Total	40,000	44,120

2.19 Earnings Per Share (EPS).

Particulars		Period ended 31.03.2012	Period ended 31.03.2011
Net Profit / (Loss) Attributable to Equity Shareholders (₹.)	A	(3,345,317)	32,234
Weighted Average Number of Equity Shares for Basic and Diluted EPS (Nos.)	B	20,000,000	20,000,000
Face Value Per Equity Share (₹.)	C	10	10
Basic and Diluted Earnings / (Loss) per Share (₹.)	D = A/B	(0.1673)	0.0016

2. LEASES

Disclosure as required by Accounting Standard - 19, 'Leases', issued by the Institute of Chartered Accountants of India :

The Company has taken office premises & residential premises for employees under operating lease / leave and licence basis. These are generally cancellable by giving prior notice and for a tenure of two to three years and are renewable by mutual consent on mutually agreeable terms.

Lease payments are recognized in the Profit and Loss Account under 'Rent Rates and Taxes' in Note 2.18 .

The future minimum lease payments under cancellable operating lease

In ₹

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Within One year	963,100	1,024,600
After One Year But not more than five Years	Nil	Nil
More than five years	Nil	Nil
Total	963,100	1,024,600

3. Quantitative Details

The Company is primarily engaged in rendering services in the nature of management of Pension Fund under NPS and hence it is not required to give any quantitative details as per Revised Schedule VI to the Companies Act, 1956.

4. CAPITAL COMMITMENTS

The Company does not have any outstanding capital commitment for any Fixed Assets as on 31.03.2012

5. RELATED PARTY DISCLOSURES

As per Accounting Standard-18 on Related Party disclosures issued by The Institute of Chartered Accountants of India, the disclosure of transactions with related parties as defined in the said accounting standard is made below:

a. List of related parties:

1. Related Parties :
 - State Bank of India
 - SBI Commercial & International Bank Ltd. (SBICI Bank Ltd. has been merged with SBI at the close of business hours on 28.07.2011)
 - State Bank of Patiala

2. Fellow Subsidiaries :
 - SBI Funds Management Pvt. Ltd.
 - SBI Capital Markets Ltd.

3. Key Management Personnel of the Company :
 - Shri. Biswajit Mohanty, Managing Director & CEO



NOTE

www.sbipensionfunds.com



SBI Pension Funds Private Limited

No. 32, 3rd Floor, Maker Chamber-III, Nariman Point, Mumbai - 400 0213.

Tel.: 022-22022812 / 3887 Fax: 022-22020576 / 4318

e-mail : sbipfpl@sbi.co.in