

SBI Pension Funds Pvt. Ltd.
Fifth Annual Report
2012 - 2013

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Board of Directors

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

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SBI PENSION FUNDS PVT LTD
Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Fifth Annual Report together with the audited accounts of the Company for the year ended March 31, 2013.

Financial Performance:-

The highlights of the financial results of your Company for the accounting year ended March 31, 2013 are as under

(Rs. In lacs)

Description	Year ended March 31, 2013	Year ended March 31, 2012
Operating Income	87.54	4.28
Expenses	399.13	250.04
Operating Profit / (Loss)	(311.59)	(245.76)
Other Income	202.79	195.12
Profit / (Loss) before tax	(108.80)	(50.64)
Provision for Tax (including deferred tax)	34.74	15.50
Provision for tax (FY 2008-09) reversed	-	1.69
Profit / (Loss) after tax	(74.07)	(33.45)
Balance brought forward from Previous Year	(26.07)	7.38
Balance carried to Balance Sheet	(100.14)	(26.07)

Capital Adequacy:-

The Regulators, the Pension Fund Regulatory & 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 2013 stood at Rs 29.04 crores.

Capital:-

During the year under review the Company, to comply with revised Net Worth requirements of minimum Rs. 25 crore mandated by PFRDA, issued equity shares aggregating 10,000,000 shares @ 5,000,000 equity shares each to SBI Funds Management Pvt Ltd and SBI Capital Markets Ltd. The shareholding pattern (post-infusion of additional capital) 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:-

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

The global economic environment remained weak but stable during FY13 with aggressive monetary easing.

While macroeconomic data for the US showed some positive signs, the US Fed expects economic conditions to remain uncertain and recovery weak, at least through FY14. The "Risk-on" environment has created asset price inflation globally across equity and bond markets. However, commodity prices remain muted indicating that the underlying demand environment remains challenging. Europe continues to be in recession and emerging markets are witnessing slowdown due to slowing of external trade, weak domestic demand and muted commodity prices for commodity exporting countries.

Geo-political issues continue to plague the Middle East and Africa - a risk to oil prices. The World at large remains in de-leveraging mode despite continued monetary easing and any meaningful improvement in global economic outlook looks unlikely through FY14.

Domestic :-

Growth

Domestic growth continues to weaken with declining investment and consumption demand across sectors. Leveraged balance sheets, weak demand and policy issues continue to plague revival of the investment cycle. GDP growth declined to 4.5% in Q3 (lowest in past 15 quarters) reflecting slowdown in industrial activity and also, the services sector which accounts for 55% of GDP. On the expenditure side, growth moderated with deceleration in investment and weak external demand. The index of industrial production (IIP) moderated to 1% during 2012-13 (April-January) from 3.4% in the corresponding period a year ago and 8.30% in 2010-2011. As per the Central Statistical Office, GDP growth for FY 2012-13 is estimated at 5%. In the absence of serious reform intent, any meaningful growth revival before the national elections is not anticipated.

Inflation

Inflation in India continues to be the outcome of a complex mix of cost push (bottlenecks in core sectors like energy, manufacturing, infra) and demand pull (inability of Government to rein in expenditure without corresponding supply side reforms).

Headline WPI Inflation continues to moderate, albeit the pace has slowed with pass-through of diesel prices. Core WPI inflation moderated driven by slowing demand to a low of 3.8% in Feb 2013 but the increase in diesel prices pushed up



WPI inflation to 6.8%. Average inflation during April - Feb 2013 stood at 7.4% as against 9.1% during the corresponding period of the previous year. However, retail inflation (CPI) continued on the upward trajectory, with Feb 2013 inflation at a high of 10.9% driven by pressures from food items. Global commodity prices are likely to remain favourable in the coming fiscal.

Fiscal Situation

Fiscal conditions improved during FY13 with key deficit indicators remaining along expected lines. While divestment revenues are short of expectations, control on plan expenditure is expected to keep the fiscal deficit close to budget estimates of 5.2%. The fiscal deficit for FY14 is budgeted at 4.8%, a challenging target.

Market Conditions

Equity

Equity markets remained volatile through the year driven by domestic and global factors. The markets saw sell-off during Q1 FY13 on account of GAAR/reform anxieties & Eurozone risks, to recover during the next two quarters driven by global "Risk-on" rally (FII inflows of US\$ 25.8bn during FY13) and domestic reform momentum post -Sept 2012. Continued weakness in the economy saw the markets correct during Q4 FY13.

We were conservative during the second half of the financial year given our cautious outlook on earnings (equity portfolio was in the range of 6.5-7.5% through the year, as compared to above 8.7% as on March 2012). The Nifty delivered 7.31% during FY13. Going forward, we remain cautious as the economic environment remains weak, the earnings outlook is not encouraging for the next 2-3 quarters and would look at increasing the portfolio judiciously based on bottom-up basis. Domestic political developments are likely to play a key role in the coming financial year.

Bonds

To prop-up growth and in conjunction with moderating inflationary expectations, RBI started the fiscal with an interest rate cut of 50bps. Government measures to contain fuel subsidy and the overall fiscal deficit helped RBI to cut interest rates in two tranches of 25 bps each during the last quarter. But tight liquidity conditions and RBI's slightly hawkish stance in the last quarter review saw market sentiments remaining subdued. The 10-year benchmark yield closed at 7.95% after having moved in the broad range of 7.90% - 8.30% during the fiscal.

Company Performance :-

- The Company closed the fiscal with AUM of Rs.11,788/- crs representing a growth of 95.78% over the previous fiscal, to retain lead position amongst Pension Fund Managers (6 Nos) in terms of market share - 37.46% of total AUM for the Government Sector and 72.70% of total AUM for the Private Sector.



- In terms of NAV return since inception, the Company maintained the lead in 4 out of 6 NPS schemes.
- Comparative ranking amongst PFMs in the various NPS Schemes is set out below:-

a. *YTD returns :*

Pension Scheme		Comparative Ranking as on	
		31.03.2012	31.03.2013
Government Sector	Central Govt.	1	1
	State Govt.	1	2
Private Sector	Tier I	1	4
	Tier II	2	5
	NPS Lite	2	2
	Corp. CG	-	1

b. *Since Inception CAGR*

Pension Scheme		Comparative Ranking as on	
		31.03.2012	31.03.2013
Government Sector	Central Govt.	1	1
	State Govt.	3	3
Private Sector	Tier I	2	3
	Tier II	1	1
	NPS Lite	1	1
	Corp. CG	-	1

Business Strategy and Outlook:-

The new registration process for managing Private Sector NPS was completed by PFRDA on 20.03.2013 and PFMs permitted to charge revised Investment Management Fee (IMF) subject to a cap of 0.25%; the fee can vary across schemes and be revised annually.

With effect from 20.03.2013, the Company has commenced charging IMF @ 0.25% for Retail NPS (Tier I & II Schemes) and @0.20% for Wholesale NPS (Corporate CG Scheme) to attract bulk NPS business. IMF for Government Sector NPS had been earlier raised to flat 0.0102% w.e.f. 18.04.2012 as mandated by PFRDA.

In Government Sector schemes, incremental corpus is allocated by the NPS Trust based on previous year YTD performance. While we are receiving the highest allocation amongst PFMs for FY 2012 -13 based on YTD performance for FY 2011 -2012, the difference in incremental AUM terms is marginal and does not result in an increase in overall market share. With incremental allocation amongst PFMs ranging between 33 - 35%, overall market share may be expected to stabilise at these levels over time.



In Private Sector schemes, inflows in the newly launched Corporate CG scheme has strengthened your Company's market share. It is expected that total Private Sector AUM managed by your Company would touch at least Rs. 5,800 crores by 31.03.2015, taking the total AUM managed by your Company to around Rs. 28,400 crores by the close of FY 2014 - 15.

The investment strategy of your Company is to generate long-term capital appreciation and optimise returns for NPS subscribers through investment in Government securities and securities/equities issued by large cap Companies with sound fundamentals and growth potential. Your Company leverages the wide outreach of the State Bank of India Group to drive subscriber acquisition and book NPS business.

Recognition & Awards :-

During the fiscal, your Company was adjudged "Pension Fund of the Year" for excellence in performance and customer service (to subscribers) at the Indian Pension Fund Congress - 2012. The Company was also the recipient of the "SKOCH - Financial Inclusion Award 2013 - Pensions category".

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 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.

Directors :-

Presently there are six (6) Directors on the Board of your Company. During the year under review, One (1) Nominee Director from State Bank of India resigned and One (1) additional Independent Director was appointed as under:-

- Shri Shyamal Acharya, Nominee Director resigned from Directorship of the Company as at the close of business of 29.11.2012.
- Shri V.K. Gupta, former Dy. Managing Director with State Bank of India now retired, was appointed as Independent Director.

Dr. T.T. Ram Mohan, Shri Mayur Kisnadwala, Shri V.K. Gupta 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

Five (5) meetings of the Board were held during the year on 30.04.2012, 30.07.2012, 28.08. 2012, 17.10.2012 and 31.01.2013.

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 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, 2013 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 2012-13.

Statutory Information :-

There being no employees covered by the provisions of the Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, no statement containing such particulars 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 31 March 2013, 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 Banshi Jain & Associates, Chartered Accountants were re-appointed as Statutory Auditors of the Company for FY 2012-13 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 comprising three Independent Directors, as under :-

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

During FY 2012-13, meetings of the Audit Committee were held on 21.04.2012, 30.07.2012, 17.10.2012 and 30.01.2013.

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 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.

For and on behalf of the Board

Place : Mumbai
Dated : 10.04.2013

(Pratip Chaudhuri)
CHAIRMAN



Auditor's Report
INDEPENDENT AUDITORS' REPORT

To
The Members of
SBI PENSION FUNDS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SBI PENSION FUNDS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements 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 the management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 March 31, 2013;
- (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 the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **BANSHI JAIN & ASSOCIATES**
Chartered Accountants
Firm Registration No. 100990W

Place : Mumbai,
Date : 16th April, 2013

ANUJ B. GOLECHA
Partner
Membership No. 117617



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" 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) In respect of its fixed assets:
 - 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) In respect of the loans, 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 respect of the contracts or arrangements referred to in Section 301 of the Companies Act 1956:

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) In respect of statutory dues:
- 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
Firm Registration No. 100990W

Place : Mumbai,
Date : 16th April, 2013

ANUJ B. GOLECHA
Partner
Membership No. 117617

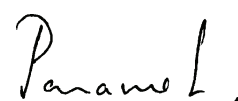


COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF SBI PENSION FUNDS PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of SBI Pension Funds Private Limited for the year ended 31 March 2013 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 16 April 2013.

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 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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


(Parama Sen)

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

Place : Mumbai
Date : 21 May 2013



Balance Sheet as at 31st March, 2013

Particulars	Note No.	Current Year 31-Mar-13 (₹)		Previous Year 31-Mar-12 (₹)	
I. Equity and Liabilities					
(1) Shareholders' Funds					
(a) Share Capital	2.1	300,000,000		200,000,000	
(b) Reserves and Surplus	2.2	(10,013,521)	289,986,479	(2,606,777)	197,393,223
(2) Current liabilities					
(a) Other current liabilities	2.3	371,482		155,835	
(b) Short-term provisions	2.4	2,313,112	2,684,594	2,139,355	2,295,190
TOTAL		292,671,073		199,688,413	
II. Assets					
(1) Non-current assets					
(a) Fixed Assets					
(i) Tangible assets	2.5	2,766,092		2,892,103	
(ii) Intangible assets	2.6	27,962		-	
(b) Deferred tax assets (net)	2.7	6,155,786		2,681,966	
(c) Long-term loans and advances	2.8	5,637,467		6,110,809	
(d) Other non-current assets	2.9	53,000,000	67,587,307		11,684,878
(2) Current assets					
(a) Current investments	2.10	-		18,009,763	
(b) Trade receivables	2.11	3,713,441		137,270	
(c) Cash and cash equivalents	2.12	208,564,654		160,219,313	
(d) Short-term loans and advances	2.13	208,573		85,272	
(e) Other current assets	2.14	12,597,098	225,083,766	9,551,917	188,003,535
TOTAL		292,671,073		199,688,413	
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
Palce : Mumbai,
Dated : 16th April, 2013

Pratip Chaudhuri
Chairman
Hardik Chauhan
Company Secretary
Biswajit Mohanty
Managing Director & CEO



Profit & Loss statement for the year ended 31st March, 2013

Particulars	Note No.	Current Year 31-Mar-13 (₹)	Previous Year 31-Mar-12 (₹)
I. Revenue from operations	2.15	8,753,735	428,220
II. Other Income	2.16	20,278,950	19,511,642
III. Total Revenue (I+II)		29,032,685	19,939,862
IV. Expenses			
Employee benefits expense	2.17	14,813,235	13,679,589
Depreciation and amortization expense	2.18	635,908	775,148
Other expenses	2.19	24,464,058	10,549,651
Total expenses		39,913,202	25,004,388
V. Profit before tax (III - IV)		(10,880,517)	(5,064,526)
VI. Tax expense			
Current Tax		-	-
Deferred tax		3,473,820	1,550,228
Earlier year tax		(48)	168,981
Profit /(Loss) After taxes		(7,406,744)	(3,345,317)
Balance carried to Balance Sheet		(7,406,744)	(3,345,317)
Earnings per equity share	2.20		
(1) Basic		(0.31)	(0.17)
(2) Diluted		(0.31)	(0.17)
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
Place : Mumbai,
Dated : 16th April, 2013Pratip Chaudhuri
Chairman
Hardik Chauhan
Company Secretary
Biswajit Mohanty
Managing Director & CEO

Cash flow statement for the year ended 31-Mar-13

Particulars	For the year ended 31-Mar-13 ₹	For the year ended 31-Mar-12 ₹
A. Cash flow from operating activities		
Profit / (Loss) before taxation	(10,880,517)	(5,064,526)
	(10,880,517)	(5,064,526)
Adjustments for :		
Depreciation	635,908	775,148
Provision for Expenses	229,757	373,746
Other Income	20,278,950	19,511,642
Net adjustments :	(19,413,285)	(18,362,748)
Operating loss before working capital changes	(30,293,801)	(23,427,274)
Increase / Decrease in Trade Receivable	(3,576,171)	(59,337)
Increase / Decrease in Loans & Advances	660,398	1,920,546
Increase / Decrease in Other Current Assets	1,988	(25,000)
Increase / Decrease in Current Liabilities	215,647	(3,868,911)
Cash generated from Operations	(32,991,939)	(25,459,976)
Direct Tax Paid	366,405	1,142,647
Net cash flow from operating activities	(33,358,344)	(26,602,623)
B. Cash flow from investing activities		
Interest Received	16,358,401	54,010,228
Decrease/Increase in Fixed Deposits	(98,300,453)	(10,000,000)
Investment in Mutual Fund	-	(17,187,509)
Purchase of Fixed Assets	(537,859)	(434,045)
Redemption of Mutual Fund	18,883,143	-
Net cash used in investing activities	(63,596,768)	26,388,674
C. Cash flow from financing activities		
Issue of Equity shares	100,000,000	-
Net cash generated from financing activities	100,000,000	-
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	3,044,888	(213,950)
Cash and cash equivalents as at the commencement of the year	219,313	433,263
Cash and cash equivalents as at the end of the year	3,264,201	219,313
Net Increase/(Decrease) as disclosed above	3,044,888	(213,950)

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
Place : Mumbai,
Dated : 16th April, 2013Pratip Chaudhuri
ChairmanHardik Chauhan
Company SecretaryBiswajit Mohanty
Managing Director & CEO

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

(a) 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 presents revenues net of Service Tax in its Profit & Loss Statement.

(b) Other Income

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

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 and impairment losses, if any.



6. Depreciation and Amortization

Depreciation is provided on a pro-rata basis on the written down value method at the rates and in the manner prescribed 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 costing Rs.5000 or less are fully expensed during the year.

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, 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.

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 Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between accounting and taxable income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reviewed at each balance sheet date.

11. Provisions

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.

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, 2013	As At March 31, 2012
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. 3,00,00,000 (2,00,00,000) Equity Shares	300,000,000	200,000,000
	300,000,000	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 the State Bank of India.



The details of shareholder holding 5% or more shares as at March 31, 2013 are set out below:

Name of Shareholder	As at 31 st March, 2013		As at 31 st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
State Bank of India	18,000,000	60%	18,000,000	90%
SBI Funds Management Pvt. Ltd	6,000,000	20%	1,000,000	5%
SBI Capital Markets Ltd.	6,000,000	20%	1,000,000	5%
Total	30,000,000	100%	20,000,000	100%

Reconciliation of the number of shares outstanding

Particulars	As At March 31, 2013	As At March 31, 2012
Number of shares at the beginning	20,000,000	20,000,000
Add: Shares issued	10,000,000	-
Less: Shares bought back during the year	-	-
Number of shares at the end	30,000,000	20,000,000

2.2 Reserves And Surplus

In ₹

Particulars	As At March 31, 2013	As At March 31, 2012
Surplus		
Opening balance	(2,606,777)	7,38,540
(+) Net Profit/(Net Loss) For the current year	(7,406,744)	(33,45,317)
Closing Balance	(10,013,521)	(26,06,777)

2.3 Other Current Liabilities

In ₹

Particulars	As At March 31, 2013	As At March 31, 2012
Other Payable	371,482	155,835
Total	371,482	155,835

2.4 Short Term Provisions

In ₹

Particulars	As At March 31, 2013	As At March 31, 2012
Provision for Income Tax	80,000	136,000
Provision for Expenses (Includes Reimbursement to SBI)	1,353,781	1,042,890
Provision For Employment Benefit	879,331	960,465
Total	2,313,112	2,139,355



2.5 Tangible assets

Sl. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 01-04-2012	Addition during the year	Deduction during the year	As at 31-03-2013	As at 01-04-2012	For the year	Deduction during the year	Up to 31-03-2013	As at 31-03-2013	As at 31-03-2012
1	Computers	1,275,924	265,600	-	1,541,524	903,932	214,054	-	1,117,986	423,538	371,992
2	Furniture	2,208,826	123,500	-	2,332,326	1,117,504	202,877	-	1,320,381	1,011,945	1,091,322
3	Office Equipments	848,658	111,959	-	960,617	295,185	88,383	-	383,568	577,049	553,473
4	Plant & Machinery Electrical Installations	648,908	-	-	648,908	269,110	52,829	-	321,939	326,969	379,798
5		870,252	-	-	870,252	374,734	68,927	-	443,661	426,591	495,518
	TOTAL (A+B)	5,852,568	501,059	-	6,353,627	2,960,465	627,070	-	3,587,535	2,766,092	2,892,103
	Previous Year	5,418,523	434,045	-	5,852,568	2,347,612	612,853	-	2,960,465	2,892,103	3,070,911

2.6 Intangible assets

Sl. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 01-04-2012	Addition during the year	Deduction during the year	As at 31-03-2013	As at 01-04-2012	For the year	Deduction during the year	Up to 31-03-2013	As at 31-03-2013	As at 31-03-2012
1	Software	1,200,000	36,800	-	1,236,800	1,200,000	8,838	-	12,08,838	27,962	-
	TOTAL (A+B)	1,200,000	36,800	-	1,236,800	1,200,000	8,838	-	12,08,838	27,962	-
	Previous Year	1,200,000	-	-	1,200,000	1,037,705	162,295	-	1,200,000	-	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:

Particulars	In ₹	
	As At March 31, 2013	As At March 31, 2012
Deferred Tax liability		
Fixed assets: Impact of differences between tax depreciation and depreciation/amortization charge for the financial reporting	(31,164)	81,822
Gross Deferred Tax Liability	(31,164)	81,822
Deferred Tax Asset		
Unabsorbed Depreciation	6,124,622	2,324,501
Preliminary Expenses	-	439,287
Gross Deferred Tax Asset	6,124,622	2,763,788
Net Deferred Tax Asset /(Liability)	6,155,786	2,681,966

2.8 Loans And Advances

Particulars	In ₹	
	As At March 31, 2013	As At March 31, 2012
Security Deposits :-		
Rent Deposit	910,000	968,000
Others:-		
Advance Income Tax	1,822,331	3,527,336
Fringe Benefit Tax	-	-
Unutilized Service Tax Input credit	2,905,136	1,615,473
Total	5,637,467	6,110,809

2.9 Other Non-current Assets

Particulars	In ₹	
	As At March 31, 2013	As At March 31, 2012
Deposit with Bank maturity more than 12 months	53,000,000	-
Total	53,000,000	-



2.10 Current Investments

In ₹

Particulars	As At March 31, 2013	As At March 31, 2012
Investment in Mutual Fund (valued at lower of cost and fair value, unless otherwise stated)		
(a) Quoted :	-	-
(b) Unquoted :		
i. Birla Sun life Savings Fund Retail Growth (Nil) 70832.223 Units, Face value Rs. 100/- each	-	13,009,763
ii. DSP Black Rock 3 M FMP Maturity 15.05.2012 (Nil) 500000 Units, Face value Rs. 10 each	-	5,000,000
Total		18,009,763

2.11 Trade Receivable

In ₹

Particulars	As At March 31, 2013	As At March 31, 2012
Debts outstanding for a period exceeding six months		
Other debts	-	-
Considered good	3,713,441	137,270
Total	3,713,441	137,270

2.12 Cash & Cash Equivalents and Bank Balance

In ₹

Particulars	As At March 31, 2013	As At March 31, 2012
Cash and Cash Equivalents		
Balances with banks In current Account	3,264,201	219,313
In Deposit accounts (Maturity less than 3 months)	10,500,000	-
Other Bank balance		
In Deposit Accounts (Maturity more than 3 months but less than 12 months)	194,800,453	160,000,000
Total	208,564,654	160,219,313



2.13 Short-term loans and advances

In ₹

Particulars	As At March 31, 2013	As At March 31, 2012
Prepaid Expenses	208,573	85,272
Total	208,573	85,272

2.14 Other current assets

In ₹

Particulars	As At March 31, 2013	As At March 31, 2012
Other Receivable	23,012	25,000
Interest Accrued	12,574,086	9,526,917
Total	12,597,098	9,551,917

2.15 Revenue from Operations

In ₹

Particulars	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Management fees	8,753,735	428,220
Total	8,753,735	428,220

2.16 Other Income

In ₹

Particulars	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Interest on Fixed Deposits	19,254,428	17,994,880
Interest on Income Tax Refund	151,142	134,165
Net Gain on Sale of Current Investments	873,380	1,382,597
Total	20,278,950	19,511,642

2.17 Employment Benefit Expenses

In ₹

Particulars	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Salaries, Wages, Allowances and Reimbursements	13,390,881	9,960,241
Contribution to Provident Fund and terminal benefits	1,105,154	3,429,294
Staff Welfare	317,200	290,054
Total	14,813,235	13,679,589

2.18 Depreciation and amortization expenses

In ₹

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Depreciation of tangible Assets	627,070	612,853
Amortisation of Intangible Assets	8,838	162,295
Total	635,908	775,148

2.19 Other Expenses

In ₹

Particulars	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Advertisement Expenses	119,780	-
Annual Fee - PFRDA	8,500,000	1,000,000
Auditors Remuneration (Refer Details below)	50,000	40,000
AMC	215,943	63,154
Brokerage (NPS)	2,873,281	1,042,479
Bank Charges	8,930	-
Books and Periodicals	42,952	-
Brokerage and Commission	-	35,000
Sitting Fees	372,500	137,500
Electricity Expenses	918,438	623,857
Entertainment Expenses	16,456	-
Halting Expenses	223,515	90,000
I T Expenses	265,649	247,262
Insurance Charges	22,538	12,894
News Wire	915,066	821,996
Internet & Connectivity Charges	30,078	47,202
Interest on TDS	226	-
Office Expenses	480,204	530,018
Printing, Stationary & Consumables	413,668	286,700
Postage Expenses	16,344	-
Legal and Professional fees	2,458,652	477,046
Rent	3,456,000	3,456,000
Repairs & Maintenance	169,946	82,380
Stamp Charges	100,220	-
Telephone & Mobile Expenses	153,446	106,586
Traveling and Conveyance	2,194,751	1,024,194
Training Expenses	13,360	64,332
Miscellaneous Expenses	432,116	361,051
Total	24,464,058	10,549,651



AUDITORS' REMUNERATION :-

In ₹

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Statutory Audit Fees	50,000	40,000
Total	50,000	40,000

2.20 Earnings Per Share (EPS).

Particulars		Period ended 31.03.2013	Period ended 31.03.2012
Net Profit / (Loss) Attributable to Equity Shareholders (₹.)	A	(7,406,744)	(3,345,317)
Weighted Average Number of Equity Shares for Basic and Diluted EPS (Nos.)	B	24,082,192	20,000,000
Face Value Per Equity Share (₹.)	C	10	10
Basic and Diluted Earnings / (Loss) per Share (₹.)	D = A/B	(0.3076)	(0.1673)

3. 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, 2013	Year Ended March 31, 2012
Within One year	13,98,000	963,100
After One Year But not more than five Years	14,12,500	Nil
More than five years	Nil	Nil
Total	2,810,500	963,100

4. 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.

5. Capital Commitments

The Company does not have any outstanding capital commitment for any Fixed Assets as on 31.03.2013.

6. CONTINGENT LIABILITIES TO THE EXTENT NOT PROVIDED FOR:

In ₹

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Performance Bank Guarantee favoring PFRDA. (Issued against Fixed Deposit held by the company)	2,000,000	Nil
Total	2,000,000	Nil

7. 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
 - State Bank of Patiala
 - State Bank of Hyderabad
 - State Bank of Travancore
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



b. Transactions with Related Parties

S. No	Particulars	Holding Company	Holding Company	Fellow Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Key Management Personnel
		Previous Year (2011-12)	Current Year (2012-13)	Previous Year (2011-12)	Current Year (2012-13)	Previous Year (2011-12)	Current Year (2012-13)
1	SHARE CAPITAL						
	SBI	180,000,000	180,000,000	Nil	Nil	Nil	Nil
	SBI Funds Management Pvt. Ltd	Nil	Nil	10,000,000	6,00,00,000	Nil	Nil
	SBI Life Insurance Co. Ltd.	Nil	Nil	Nil	Nil	Nil	Nil
	SBI Capital Markets Ltd.	Nil	Nil	10,000,000	6,00,00,000	Nil	Nil
2	DEPOSITS						
	SBI	2,19,313	32,64,201	Nil	Nil	Nil	Nil
	State Bank of Patiala	Nil	Nil	160,000,000	165,300,453	Nil	Nil
	State Bank of Hyderabad	Nil	Nil	Nil	69,500,000	Nil	Nil
	State Bank of Travancore	Nil	Nil	Nil	23,500,000	Nil	Nil
3	OTHER RECEIVABLES						
	SBI	25,000	20,497	Nil	Nil	Nil	Nil
4	INTEREST RECEIVED						
	SBI	81,71,291	Nil	Nil	Nil	Nil	Nil
	State Bank of Patiala	Nil	Nil	9,823,589	9,856,088	Nil	Nil
	State Bank of Hyderabad	Nil	Nil	Nil	2,181,434	Nil	Nil
	State Bank of Travancore	Nil	Nil	Nil	723,641	Nil	Nil
5	SALARY & OTHER BENEFITS	Nil	Nil	Nil	Nil	1,710,018	15,25,731
6	RENT PAID						
	SBI	34,34,400	34,56,000	Nil	Nil	Nil	Nil
	SBCI	Nil	Nil	1,440,000	Nil	Nil	Nil

Notes :- The above disclosures are as identified by the management and relied upon by the auditors.



8. Based on the information available with the company, no creditors have been identified as "supplier" within the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act 2006"

For Banshi Jain & Associates

Anuj B.Golecha

Partner

Membership No :117617

FRN: 100990W

For and on behalf of the Board of Directors

Pratip Chaudhuri

Chairman

Place : Mumbai

Dated : 16th April, 2013

Hardik Chauhan
Company Secretary

Biswajit Mohanty
Managing Director & CEO



NOTE
