

SBI Pension Funds Private Limited
Future Secure



ELEVENTH ANNUAL REPORT 2018-19



Board of Directors

As on 25th December 2019



Shri Dinesh Kumar Khara
Chairman



Shri Narayanan Sadanandan
Managing Director & CEO



Shri Haridas K. V.
Nominee Director



Shri Navneet Munot
Nominee Director



Shri CM Dixit
Independent Director



Shri Saurabh Chandra
Independent Director



Shri V.K. Gupta
Independent Director



Prof. Gitika Kapoor
Independent Director

Chief Financial Officer & Operations Manager
Shri Ashish Patnaik

Company Secretary & Compliance Officer
Shri Tejas Mehta

Statutory Auditors
M/s. Pradhan Phadke & Associates, Chartered Accountants

Statutory Scheme Auditor
M/s. ASA & Associates LLP, Chartered Accountants

Internal Auditors & Concurrent Auditors for NAV Declaration
M/s. Kochar & Associates, Chartered Accountants

Concurrent Auditors
M/s. SWM & Associates, Chartered Accountants

Bankers to the Company
State Bank of India (For Company Accounts)
Axis Bank (For Scheme Accounts)

Regd. Office :
SBI Pension Funds Private Limited
CIN - U66020MH2007GOI176787
32, 3rd Floor, Maker Chambers III,
Nariman Point,
Mumbai - 400 021.
Tel. : 022 - 4214 7100
Fax.: 022 - 4214 7113
Website : www.sbipensionfunds.com



SBI Pension Funds Private Limited
Eleventh Annual Report
2018 - 2019

CONTENTS	
Director's Report	05
Auditor's Report	24
Comments of the Comptroller and Auditor General of India.....	38
Balance Sheet	39
Profit and Loss Account	41
Cash Flow Statement	42
Notes to Financial Statements	44



Directors' Report

To,
The Members
SBI Pension Funds Private Limited

The Directors have pleasure in presenting the Eleventh Annual Report together with the financial statements of the Company for the financial year ended 31st March, 2019.

Financial Performance:-

The highlights of the financial results of the Company for the financial year ended 31st March, 2019 are as under:

(₹ In lacs)

Description	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Operating Income	1,038.14	799.00
Expenses	1,009.01	851.70
Operating Profit / (Loss)	29.13	(52.70)
Other Income	236.47	247.64
Profit / (Loss) before tax	265.60	194.94
Provision for Tax (including deferred tax)	76.52	55.56
Profit / (Loss) after tax	189.08	139.38
Balance brought forward from Previous Year	650.03	510.66
Balance carried to Balance Sheet	839.11	650.03

Capital Adequacy:-

The Regulator i.e. Pension Fund Regulatory & Development Authority (PFRDA), have not prescribed any Capital Adequacy Ratio for the Pension Fund Industry. However, w.e.f. 01st November, 2012, Pension Fund Managers are required to maintain minimum positive Net Worth of Rs. 25 crores. The Net Worth of the Company as on 31st March, 2019 stood at Rs 38.39 crores.

Capital:-

The Authorized Share capital of the Company stood at Rs. 100 crores as on 31st March, 2019. The issued, subscribed and paid-up share capital of the Company stood at Rs. 30 crores comprising of 3 crores equity shares of Rs.10/- each fully paid.



The shareholding pattern is as under:-

Name of Shareholder	% of Holding
State Bank of India *	60%
SBI Funds Management Private Limited	20%
SBI Capital Markets Limited	20%

* Share Holding alongwith its nominees

Subsidiary, Joint Venture or Associate Companies:-

The Company continues to be a subsidiary of State Bank of India. The Company does not have any Subsidiary, Joint Venture or Associate Company.

Dividend:-

The Company has posted a Profit After Tax of Rs. 188.56 Lacs for the financial year ended 31st March, 2019. Considering the future requirements of capital by the Company, the Directors have not declared any dividend for the year.

Amount to be carried forward to Reserves: -

The Company proposed to retain the whole amount in Profit & Loss Account.

Change in the nature of Business, if any: -

During the year under review, there was no change in the nature of business of the Company.

However, during the year, PFRDA had allowed the Pension Funds to promote/ market/ sell NPS by obtaining registration as a Point of Presence (POP). The Company had applied for acting as a POP through Online as well as Physical platform. PFRDA vide its letter dated 13th February, 2019 granted Certificate of Registration and Commencement of Business as POP for NPS and/or other pension schemes. The Company is in the process to start the business of POP.

Recognition & Awards: -

The Company has been adjudged, Silver Award Winner, as the Pension Manager of the year 2018 by Outlook Money after three successive gold in previous years.

Economic Environment:

Global Economy

Growth in H2CY18 slowed down post economic expansion that lasted for more than two years. Slowdown in growth was triggered by increase in trade tensions and tariff hikes between the United States and China, policy uncertainty around UK due to Brexit and



China tightened its financial market. Global growth slowed to 3.2% in the second half of the year after peaking close to 4% in CY17.

Euro Area slowed due to multiple reason starting from weak consumer and business sentiments, change in emission norms by Germany, issues in Italy. Activity in Japan weakened due to natural disasters in third quarter of CY18. GDP rose 1.4%, the figure unrevised from previous estimates. This compares to growth of 1.8% in 2017. GDP in UK rose by 1.4%, slowest pace in past six years, compared to growth of 1.8% in CY17. The only respite to slowing Advanced Economy was US, in CY18, the momentum in US remained strong though it witnessed some slowdown in last quarter of CY18. The US economy expanded by 2.9%, up from 2.3% growth in CY17.

China tightening of credit market to control the shadow financial sector led to slowdown in domestic investment business. Additionally, global slowdown also impacted its import demand. Elsewhere across emerging market economies, activity moderated as worsening global financial market sentiment in the second half of 2018 compounded country-specific factors.

Oil touched the high of ~USD 86 on early October 2018 on the back of US sanctions on Iran crude exports, dropping by more than 10% its biggest fall in a month in last two years largely anticipating slower demand due to slowing global economy. Oil hovered around USD 68 at the end FY19.

Domestic Economy :-

Growth ¹

India's GDP in third quarter of FY19, moderated to six quarter low of 6.6%. However, nine months for FY19 reported at 7.2%, marginally higher by 20 bps compared to previous year. The decline in GDP growth was on account of fall in private and government consumption with gross capital formation remained stable compared to previous quarter. Agriculture has seen a decline in growth rates in Q3 FY19 which can be attributed to the unfavorable weather condition and uneven rainfall. The 2nd Advance Estimates (AE) for GDP, released by Central Statistics Organization (CSO), pegged FY19 GDP growth at 7.0%, 20 bps lower than the 1st AE of 7.2%.

Inflation ²

CPI has declined substantially in the FY19 (Apr18-Feb19), from 4.6% for the month of Apr 2018 to 3.5% in the month of Feb 2019. The downward trend in inflation was function softening of food and fuel prices, offset by miscellaneous which inched up from 5.0% in Apr 2018 to 6.0% in Feb 2019. Miscellaneous contributed to high elevated core CPI which came down marginally from 5.8% in Apr 2018 to 5.3% in Feb 2019, however on an average it remained at 5.9% for the FY19. The average CPI for the FY19 (Apr18-Feb19) hovered around 3.5% with food inflation coming down from 3.0% in Apr18 to -0.1% in Feb19, along

1 Data Source: Ministry of Statistics and Programme (MOSPI) 2 Data Source MOSPI

3 Data Source: Contoller General of Accounts (CGA) 4 Data Source: Reserve Bank of India (RBI)



with fuel which was down from 5.2% in Apr18 to 1.2% in Feb19. WPI declined from 3.2% in Apr 2018 to 2.9% in the month of Feb 2019.

Fiscal Deficit ³

The Government managed to meet revised fiscal deficit target of 3.4% of the GDP, however it was higher than earlier budgeted 3.3% of GDP. The Government did cut last minute expenditure and rolled over fuel subsidies to make up for the shortfall in tax collection, after reporting 134% of revised fiscal deficit budget for Apr18-Feb19. Even with high GST revenue of Rs 1.06 trillion in Mar 2019, the central GST collection fell short of the revised estimate by around Rs 460 billion. Overall shortfall in revenue including GST was approx. Rs. 1 trillion. The government has exceeded its disinvestment targets of Rs. 800 billion post acquisition of Rural Electrification Corporation by Power Finance Corporation.

External Sector ⁴

YTDFY19 (Apr18-Dec18), India's trade deficit has widened to USD 51.8 billion from US 35.7 billion in the same period previous year. The widening trade deficit can be attributed to increase in trade deficit from USD 118.4 billion to USD 145.3 billion for the same period. CAD increased to 2.6% of GDP during the YTDFY19 (Apr18-Dec19) from 1.8% during the same period in the previous year, however soft oil prices is expected to help close CAD for the FY19 at 2.2% of GDP. There has been sharp fall in FPI flows for YTDFY19 offset by marginal increase in FDI flows for the same period. On a cumulative basis India received FDI and FPI of USD 25.1 billion and outflow of USD 11.8 billion, respectively for YTDFY19. Higher oil prices and pressure on currency saw selling in equities.

Outlook

As per, International Monetary Fund (IMF), the global expansion has weakened in the CY18. The global economy is projected to grow at 3.5% in CY19, around 20 bps lower than the previous projections. The downward revision was partly because of the negative effects of tariff increases enacted in the United States and China. The further downward revision since October 2018 in part reflects carry over from softer momentum in the second half of CY18—including in Germany following the introduction of new automobile fuel emission standards and in Italy where concerns about sovereign and financial risks have weighed on domestic demand—but also weakening financial market sentiment as well as a contraction in Turkey now projected to be deeper than anticipated. Risks to global growth tilt to the downside. An escalation of trade tensions beyond those already incorporated in the forecast remains a key source of risk to the outlook. On the back of weaker economic growth, Central Banks across the developed world including US have turned dovish which can be a liquidity positive for the EM, though EMs have their known macro issues.

FY19 was an eventful year for the Indian Bond market which witnessed unprecedented increase in currency in circulation leading to liquidity deficit in the system, RBI governor resignation questioning the autonomy of the institution and biggest crisis emanated from



IL&FS default which led to solvency issue for some NBFCs/HFCs and also widened the corporate bond spreads. India will go for election in Q1FY20 with recent opinion polls favoring return of NDA government. The MPC voted 4-2 in the April 2019 Bimonthly Policy, to cut the benchmark repo rate another 25 bps to 6%, totaling to 50 bps cut during last two bi-monthly policy, also it maintained its stance at neutral. The rate cut was driven by further signs of weakening in growth and softer inflation. RBI's projections for the baseline CPI midpoint is unlikely to cross 4% in FY20 altogether, while growth projections for FY20 were revised down to 7.2%. Overall, the policy retains its bias towards easing in the year ahead, but transmission will be of greater importance in the near term.

The RBI came up with two rupee dollar swaps of USD 5 billion to inject durable liquidity in the system after approx. Rs. 3 trillion of OMO liquidity in the FY19. We expect further infusion of liquidity by RBI to continue. Rate cut expectations in April 2019 bimonthly policy had driven lower end of the curve down however demand supply dynamics are keeping longer end high leading to steeping of the curve. The Government securities outlook can turn negative in an untoward events related to geopolitical risk, fiscal imbalance and pressure on crude.

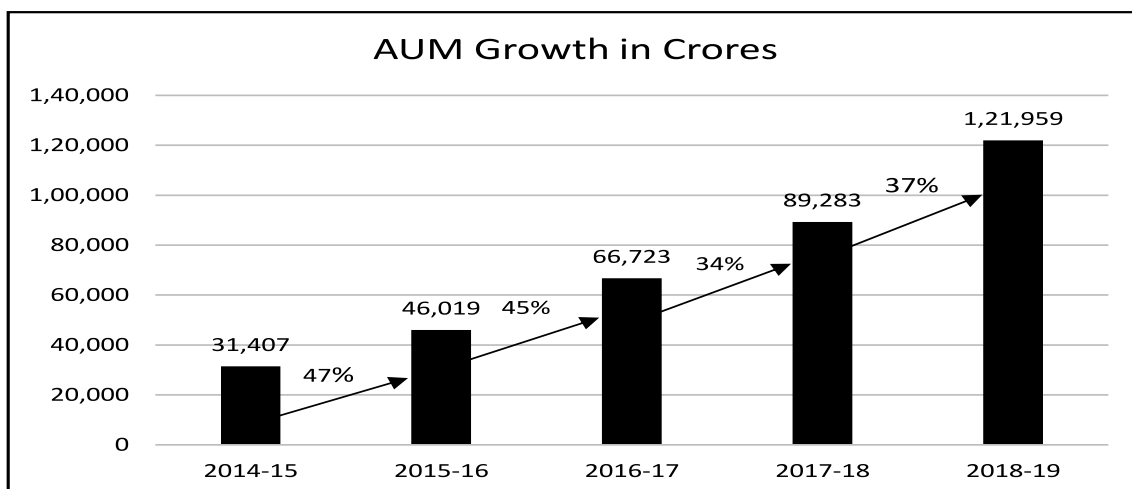
FY19 was defined by outsized swings in equity markets. During the year gone by Nifty 50 was up 15%, whereas the mid-cap index and the small-cap index retraced and was down 4.4% and 14% respectively. India's underlying macroeconomic narrative has undergone a dramatic shift during the year. With the year starting with: a) gross NPAs in the banking system surging, b) globally and domestically, we saw a rate hike cycle, and, c) Oil prices peaking. However, over last quarter, a) rural consumption has seen impetus from government spend (PM KISAN scheme), with urban stimulus having peaked out, b) NPAs too have peaked, with banks gradually coming out of Prompt Corrective Action (PCA), causing corporate lending by Indian banks to increase, c) consistent undershooting in inflation forecast and moderating growth led to RBI changing its stance (from calibrated tightening to neutral) and initiating a rate cut cycle d) dovish shift by global central banks revived demand for riskier assets and, e) oil prices albeit volatile, fell into a comfortable zone (unless it crosses US\$75/bbl). Given this backdrop, we expect the following themes to play out over the next 3-12 months: a) Strength in rural consumption, b) higher corporate lending by banks, and, c) a selective revival in private capex. Generally, there is pessimism in the market globally given US-China trade war is creating uncertainty in global markets, compounded by the predicted slowing of most economies around the world adding fears and this will continue into the first quarter. We expect markets to be volatile, however, uncertainty in the first half of the year will dissipate and give rise to the markets performing better in the second.

Schemes Performance:-

- The Company closed the fiscal with AUM of Rs. 1,21,959/- crores representing a growth of 37% over the previous fiscal, to retain lead position amongst Pension Fund Managers (8 Nos) in terms of market share - 34.49% of total AUM for the Government Sector and 58.74 % of total AUM for the Private Sector.



- The details of Asset Under Management (AUM) growth of the Company:-



- As per the PFRDA guidelines on Common Stewardship Code, the Company has formulated a Comprehensive policy to protect the subscribers' interest which is duly approved by the Board in its meeting held on 01st November, 2018. The policy broadly covers managing the conflict of interest, monitoring the investee companies, active intervention/ engagement with the investee companies, clear policy on voting and periodically reporting of the same to the regulator.

- The Scheme wise Assets Under Management (AUM) are as under:

(Rs. In Crores)

Name of Schemes	AUM as on 31 st March, 2019	AUM as on 31 st March, 2018
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme E - Tier I	2,421.64	1,578.50
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme E - Tier II	101.58	72.20
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme C - Tier I	1,557.26	1,077.81
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme C - Tier II	68.11	54.06
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme G - Tier I	2,851.19	1,912.47
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme G - Tier II	92.60	67.07
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme A - Tier I	4.47	1.63
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme State Govt.	53,946.41	39,482.15
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme Central Govt.	38,453.66	30,222.90
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme NPS Lite	1,411.57	1,252.15
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme Corporate CG	18,709.21	12,260.20
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme Atal Pension Yojana	2,341.31	1,302.09
Total	1,21,959.01	89,283.21



- The performance of the schemes managed by the Company for the financial year are as under:

Name of Schemes	Benchmark	Last 1 year return (%)	Benchmark Return for last 1 year (%)	Return since Inception (%)
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme E - Tier I	NIFTY 100 TRI*	13.10%	13.96%	9.96%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme E - Tier II	NIFTY 100 TRI*	13.08%	13.96%	9.70%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme C - Tier I	NPS - Corporate Bond Index	8.07%	7.36%	10.43%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme C - Tier II	NPS - Corporate Bond Index	8.08%	7.36%	10.10%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme G - Tier I	NPS - Govt. Securities Index	9.02%	8.11%	9.54%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme G - Tier II	NPS - Govt. Securities Index	8.95%	8.11%	9.65%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme A - Tier I	NPS - Corporate Bond Index	7.38%	7.36%	8.16%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme State Govt.	NPS - Govt. Pattern Index	8.83%	8.48%	9.56%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme Central Govt.	NPS - Govt. Pattern Index	8.94%	8.48%	9.96%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme NPS Lite	NPS - Govt. Pattern Index	9.00%	8.48%	10.31%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme Corporate CG	NPS - Govt. Pattern Index	8.98%	8.48%	9.72%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme Atal Pension Yojana	NPS - Govt. Pattern Index	9.19%	8.48%	8.66%

*We have benchmarked A Tier I against C Tier I for internal use as there is no existing benchmark for the same.

Business Strategy and Outlook:

The PFRDA Annual Registration Fee @ 0.005% of Assets Under Management (AUM) as on 31st March of previous year or Rs. 10.00 lacs whichever is higher in respect of the Govt. Sector without any upper ceiling has resulted in additional burden of Rs. 1.13 crores for the Financial Year 2018-19 for the Company which has impacted the profitability of the company.



During the year, the fresh inflow of Rs. 16,015.38 crores coupled with accruals and net of appreciation on account of market valuation took the total AUM under Government Sector NPS to Rs. 92,400 crores with a market share of 34.49% (Rs. 2,67,892 crores). Under the Private Sector NPS (including NPS Lite), the fresh inflows of Rs. 8,378.56 crores., accruals and net of appreciation took the AUM to Rs. 29,559 crores with a market share of 58.74 % (Rs. 50,322 crores). Overall the Company recorded a growth of 37% in its AUM during the year, which increased from Rs. 89,283 crores to Rs. 1,21,959 crores. Overall market share remained at 38%.

The year under review had witnessed highest ever inflows of Rs. 24,394 crores since the inception of the Company. Further, with the existing miniscule fee structure, the Company posted operating profit after five long years and for the second time its inception.

Risk Management: -

In terms of the provision of Section 134 (3) (n) of the Companies Act, 2013 and also in compliance to Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015, the company is having a proper risk management framework in place for identification, measurement, management, control and mitigation of various risks inherent in Company's business and various NPS schemes managed by us.

As per Investment Management Agreements with NPS Trust, a comprehensive Board approved Risk Management Policy aligned to the SBI Group Risk Management Policy is in place which is reviewed at half-yearly intervals. The risk management policy covers the key risks viz. Operational Risk, Market Risk, Credit & Investment Risk, Reputation Risk and other risks which includes compliance, contagion and strategic risk. The Mid-Office is entrusted with the risk management function, which is independent of Front and Back Office functions and reports directly to the Managing Director & CEO. Risk profiles are monitored daily by the Mid-Office. Board level oversight is exercised through the Risk Management Committee of the Company which oversees risk management operations and policy formulation. To meet out any eventuality of mass redemption, liquidity and ALM concerns in schemes managed under the National Pension System (NPS), the Company has in place Asset Liability Management/ Liquidity Management aspect in Investment Policy. Management Action Trigger (MAT) threshold is in place to capture adverse movement in weighted average cost price of Equity investments and in case of credit rating downgrade for the investment made in Corporate bonds under various NPS Schemes. Risk Control Self-Assessment (RCSA) Exercise is carried out annually to identify and mitigate risks pertaining to the Operations of the Company.

The Company has also implemented security measures for preserving the security of data and technology infrastructure for which Board approved Information Technology Cyber Security Policy is in place. It is a set of directives, procedures, guidelines designed to maintain cyber security and manage cyber risks proactively. This policy applies to all employees, contractors, and anyone who has permanent or temporary access to our systems and hardware.

Board of Directors: -

The Board of Directors of the Company oversees the business and operations of the Company. The Company has an optimum mix of Non-Independent and Independent Directors. As on 31st March, 2019, the Board of Directors of the Company comprises of Eight Directors, which include Four Independent Directors (including One Woman Director)



and Four Nominee Directors including Managing Director & CEO.

Shri Mayur Kisnadwala (DIN: 02068828), Independent Director of the Company resigned from the Directorship of the Company from the close of business hours of 13th August, 2018 due to completion of his tenure and also ceased to be Member of the Risk Management and Audit Committee. The Board places on record its sincere appreciation of the valuable contribution made by Shri Kisnadwala during his association with the Company.

In place of Shri Mayur Kisnadwala, Shri Saurabh Chandra was appointed as the Additional Director (Non-Executive and Independent) of the Company w.e.f. 30th July, 2018 to hold office upto the date of the Annual General Meeting (AGM). The Members in the AGM held on 31st August, 2018 appointed Shri Chandra for a period of 3 years with effect from 30th July, 2018. Shri Navneet Munot (DIN: 05247228) was appointed as the Nominee Director of the Company w.e.f. 05th June, 2018.

Statement on declaration given by Independent Directors under sub-section (6) of Section 149: -

Section 149(6) of the Companies Act, 2013 is not applicable to a Private Limited Company. However, in terms of Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015, the Company has appointed Independent Directors.

The Independent Directors of the Company have submitted the declaration confirming that they meet the criteria of independence as provided under sub-section (6) of Section 149 of the Companies Act, 2013.

Statement on Non-disqualification of Directors: -

All the Directors of the Company have submitted the declaration confirming that they are not disqualified under Section 164 of the Companies Act, 2013 to act as Director.

Key Managerial Personnel: -

Pursuant to Section 203 of the Companies Act, 2013, Shri Kumar Sharadindu, Managing Director & CEO, Shri Ashish Patnaik, Chief Financial Officer & Operations Manager and Shri Tejas Mehta, Company Secretary & Compliance Officer are designated as the “Key Managerial Personnel” of the Company.

Shri Kumar Sharadindu, Shri Ashish Patnaik and Shri Tejas Mehta are also designated as CEO, Operations Manager and Compliance Officer respectively under PFRDA (Pension Funds) Regulations, 2015.

There was no change in the Key Managerial Personnel during the financial year 2018-19.

Directors’ Responsibility Statement: -

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;



- (ii) the Directors had selected such accounting policies & applied them consistently and made judgments & estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended 31st March, 2019 and of the profit of the Company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a going concern basis for financial year 2018-19;
- (v) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Board Meetings: -

During the financial year under review, four (4) meetings of the Board of Directors of the Company were held on the following dates:

- 20th April, 2018,
- 30th July, 2018,
- 01st November, 2018 and
- 15th January, 2019.

Corporate Governance: -

As part of good corporate governance, your Company endeavors 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. The functioning of the Board is further supplemented by various committees which have been constituted i.e. Audit Committee of the Board, Investment Committee and Risk Management Committee of the Company.

Committees: -

1) Audit Committee: -

In terms of the provision of Section 177 of the Companies Act, 2013, the Company has in place an Audit committee of the Board comprising of the following Directors:

- (i) Shri Mahesh P. Mehrotra, Independent Director
- (ii) Shri Vijay Kumar Gupta, Independent Director
- (iii) Prof. Gitika Kapoor, Independent Director

During the financial year under review, four (4) meetings of the Audit Committee of the Company were held on 20th April, 2018, 30th July, 2018, 01st November, 2018 and 15th January, 2019.



2) Investment Committee: -

In terms of the Investment Management Agreement signed with NPS Trust and the PFRDA (Pension Funds) Regulations, 2015, the Investment Committee was constituted with the following terms of reference: -

- to draw, implement and periodically review the investment Policy;
- to ensure that all investments are carried out as per the provisions of PFRDA Guidelines/ Directions and to ensure that all investments are made consistent with the protection, safety and liquidity of such funds, in the interest of the subscribers;
- to review the changes, if any, in its team and any other matter relating to investments; and
- such other responsibilities as prescribed by PFRDA.

The Investment Committee of the Company comprises of the following Members:

- (i) Shri Vijay Kumar Gupta, Independent Director
- (ii) Prof. Gitika Kapoor, Independent Director
- (iii) Shri Kumar Sharadindu, Managing Director & CEO
- (iv) Shri Sujesh T.V., Chief Investment Officer

During the financial year under review, four (4) meetings of the Investment Committee of the Company were held on 20th April, 2018, 30th July, 2018, 01st November, 2018 and 15th January, 2019.

3) Risk Management Committee: -

In terms of the Investment Management Agreement signed with NPS Trust and the PFRDA (Pension Funds) Regulations, 2015, the Risk Management Committee was constituted with the following terms of reference:-

- To assess the Company's risk profile and key areas of risk in particular;
- To develop and implement a risk management framework and internal control system;
- to draw, implement and periodically review the Risk Policy;
- to oversee the risk management functions, disaster recovery and business contingency plans; and
- such other responsibilities as prescribed by PFRDA

The Risk Management Committee of the Company comprises of the following Members:

- (i) Shri Mahesh P. Mehrotra, Independent Director
- (ii) Shri Saurabh Chandra, Independent Director
- (iii) Shri Kumar Sharadindu, Managing Director & CEO
- (iv) Shri Ram Sushil Singh, Chief Risk Officer

During the financial year under review, four (4) meetings of the Risk Management Committee of the Company were held on 20th April, 2018, 30th July, 2018, 01st November, 2018 and 15th January, 2019.



Auditors: -

M/s. Pradhan Phadke & Associates, Chartered Accountants (Firm Registration No. 108035W) were appointed as the Statutory Auditors of the Company for the financial year 2018-19 by the Comptroller and Auditor General of India (CAG) to hold office till the conclusion of the next Annual General Meeting of the Company.

M/s. ASA & Associates, Chartered Accountants (Firm Registration No. 009571N/ N500006) were appointed as the Statutory Scheme Auditors for NPS Schemes under the National Pension System (NPS) for the financial year 2018-19 by the National Pension System (Trust) for carrying out audit of the schemes, under the NPS, managed by SBI Pension Funds Private Limited.

The investment operations of the Company are also subject to Internal Audit, in accordance with the scope prescribed in the PFRDA (Appointment of Internal Auditors) Guidance Note, 2013. M/s. Kochar & Associates, Chartered Accountants (Firm Registration No. 105256W) were appointed as the Internal Auditors of the Company for the financial year 2018-19 by the Board of the Company to conduct the Internal Audit of the Company.

The Company has also appointed M/s. SWM & Associates, Chartered Accountants (Firm Registration No. 137336W) for the financial year 2018-19 as the Concurrent Auditors of the Company to ascertain the External or Regulatory and the Internal Compliance. Concurrent Audit is essential for the control process, integral to the establishment of sound internal accounting functions and effective controls.

During the year, PFRDA came out with Circular for Mandatory Concurrent audit of NAV declaration to be done by an external auditor. The Auditor will clearly certify on daily basis that the NAV computations have been carried out strictly in accordance with the Valuation Policies specified under the PFRDA (Preparation of Financial Statements and Auditor's Report of Schemes under NPS) Guidelines issued in 2012 and subsequent amendments thereof. Hence, to comply with the same, the Company had appointed M/s. Kochar & Associates, Chartered Accountants (Firm Registration No. 105256W) as the Concurrent Auditor for conducting Concurrent audit of NAV declaration from 27th June, 2018 till March, 2019.

Auditors Report: -

There was no qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors of the Company in their Audit Report. Provision relating to Secretarial Audit by the Company Secretary in Practice is not applicable to the Company.

Particulars of Frauds reported by the Auditors: -

In terms of Section 143 (12) of the Companies Act, 2013, the Statutory Auditors have not reported any instance of fraud in their Audit Report.

Internal Financial Controls: -

The Internal Controls of the Company are adequate and commensurate with the size and scale of the operations. These controls operate through well documented standard operating procedures, policies and process guidelines that are designed to provide reasonable assurance to management of the reliability of financial information compliance



to operating and adherence to Statutory/ Regulatory requirements. The Internal Controls are routinely tested and certified by the Internal as well as the Statutory Auditors. Significant audit observations and the management actions thereon are reported to the Audit Committee on a quarterly basis. The Audit committee reviews the observations and assesses the adequacy of the actions proposed as well as monitors their implementation.

Particulars of loans, guarantees or investments under Section 186: -

During the year under review, the Company has not given any loans and guarantees which attract the provisions of Section 186 of the Companies Act, 2013. For the particulars of investments made during the year, please refer Notes to Accounts.

Public Deposits: -

During the year under review, the Company had not accepted any deposits from the public under the provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

Extract of Annual Return: -

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules 2014, the extract of the Annual Return as provided under Section 92(3) of the Companies Act, 2013 can be accessed at the website of the Company i.e. <https://www.sbipensionfunds.com/annual-reports/>

Material Orders Affecting the Company: -

During the financial year 2018-19, no significant and material orders were passed by the regulators or courts or tribunals that impacted the going concern status and Company's operations in future.

However, NPS Trust had directed us to compensate an amount of Rs. 26,105.61/- to the Subscribers on account of wrong calculation of NAV in Scheme G - Tier I on 19th September, 2018.

Material changes and commitments, if any: -

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which the financial statements of the Company relate and the date of this report.

As per Government notification dated 31st January 2019, Central Govt. employees can choose pension fund manager and investment pattern for incremental inflows. As stated in the notification, there will be transfer of legacy of funds in reasonable time frame. This may have negative impact on our AUM of Central Government Scheme and management fees.

Further, the Company had purchased end-to-end Fund Accounting and Investment software i.e. "MFund plus" from 3I Infotech Limited for better operational efficiencies. The software is in the implementation stage and is expected to go live by June, 2019.



Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo: -

The primary objective of the Company is to carry on the business of Funds Management Service and there are no particulars to be disclosed regarding conservation of energy and technology absorption.

There were no foreign exchange earnings & outgo during the financial year 2018-19.

Particulars of Contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013: -

All contracts/arrangements/transactions entered by the Company during the financial year with the related parties were in ordinary course of business and on arm's length basis. Particulars of transactions with related parties referred to in Section 188(1) of the Companies Act, 2013 have been given in Annexure 1.

Statutory Information: -

- a. The Company being Private Limited Company does not require constituting Nomination & Remuneration Committee and Stakeholders Relationship Committee prescribed under section 178 of the Act.
- b. During the year, the Company has given Guarantees of Rs. 120.00 Lakhs favoring Pension Fund Regulatory & Development Authority (PFRDA) as per regulatory requirement with regard to license to carry business under Private Sector NPS. As on 31st March, 2019 total outstanding guarantees are Rs. 300 Lakhs. Additionally, Company has given guarantee of Rs. 20 Lakhs to PFRDA as per regulatory requirement in connection with License to do PoP business under NPS Scheme. Hence total Guarantee outstanding as on 31st March, 2019 is Rs. 320 Lakhs.
- c. The provisions of Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment & Remuneration) Rules, 2014, as amended, are not applicable as the aggregate remuneration payable do not exceed the specified limits.
- d. Company does not fall in to the criteria prescribed under Section 135(1) of the Companies Act, 2013 to contribute towards Corporate Social Responsibility. Hence, provisions related to the CSR are not applicable.
- e. Company does not require to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

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

The Company has in place the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, to provide safe and conducive work environment for the women employees (permanent, contractual, temporary, trainees), to work without fear and prejudice, gender bias and sexual harassment. The Company has complied with the provisions relating to constitution of the Internal Complaints Committee (ICC) under the abovementioned Act to redress complaint



received regarding sexual harassment. All employees are covered under this policy.

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

Secretarial Standards issued by ICSI:-

The Company is in Compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI).

Acknowledgments:-

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

For and on behalf of the Board

**Place : Mumbai
Date : 19/4/2019**

**sd/-
(Dinesh Kumar Khara)
Chairman**



FORM NO. AOC-2

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

Form for disclosure of particulars of Contracts/ Arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
 - (a) Name(s) of the related party and nature of relationship
 - (b) Nature of Contracts/Arrangements/ Transactions
 - (c) Duration of the Contracts/Arrangements/ Transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
 - (e) Justification for entering into such Contracts or Arrangements or Transactions
 - (f) Date(s) of approval by the Board
 - (g) Amount paid as advances, if any
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
2. Details of material contracts or arrangements or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of Contracts/ Arrangements/ Transactions	Duration of the Contracts/ Arrangements/ Transactions	Date(s) of approval by the Board	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
1	State Bank of India - Holding Company	Expenses (Lease Agreement)	36 months (01 st August, 2016 to 31 st July, 2019)	Since this RPT is in the ordinary course of business and is at arm's length basis, approval of the Board is not applicable.	Rs. 3,08,000/- plus GST per month	No
2		Reimbursement of expenses towards deputation of employees	Ongoing		Rs. 2,00,82,909 (Including GST)	No
3	SBI General Insurance	Insurance of Fixed Assets	Annually		Rs. 20,972/-	No



Annual Report 2018-19

Sr. No.	Name(s) of the related party and nature of relationship	Nature of Contracts/ Arrangements/ Transactions	Duration of the Contracts/ Arrangements/ Transactions	Date(s) of approval by the Board	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
4	State Bank of India	Investment in Fixed Deposits during the year	Ongoing		Rs.14,56,42,615/-	No
5	State Bank of India	Interest on Fixed Deposits earned for the year	Ongoing		Rs. 2,32,38,803/-	No

For and on behalf of the Board

Place : Mumbai
Dated : 19/4/2019

Sd/-
(Dinesh Kumar Khara)
Chairman



Addendum to Directors' Report**Financial Performance: -**

The highlights of the financial results of the Company for the financial year ended 31st March, 2019 are as under:

(Rs. In lacs)		
Description	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Revenue from Operations	1,038.14	799.00
Other Income	236.47	247.64
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	273.56	202.99
Less: Depreciation/ Amortisation/ Impairment	8.37	8.05
Profit /loss before Finance Costs, Exceptional items and Tax Expense	265.19	194.94
Less: Finance Costs	-	-
Profit /loss before Exceptional items and Tax Expense	265.19	194.94
Add/(less): Exceptional items	-	-
Profit /loss before Tax Expense	265.19	194.94
Less: Tax Expense (Current & Deferred)	76.53	55.56
Profit /loss for the year (1)	188.66	139.38
Total Comprehensive Income/loss (2)	-	-
Total (1+2)	188.66	139.38
Balance of profit /loss for earlier years	650.04	510.66
Less: Transfer to Debenture Redemption Reserve	-	-
Less: Transfer to Reserves	-	-
Less: Dividend paid on Equity Shares	-	-
Less: Dividend paid on Preference Shares	-	-
Less: Dividend Distribution Tax	-	-
Balance carried forward	838.70	650.04

Method of Accounting- IND-AS implementation

The Company has adopted Indian Accounting Standards (Ind AS) for the first time with effect from 01st April, 2018 with transition date of 01st April 2017 pursuant to the notification by Ministry of Corporate Affairs dated 30th March 2016 to amend Companies (Indian Accounting Standards) Rules, 2015. By virtue of the said notification, merchant



Annual Report 2018-19

banking companies are considered as Non-Banking Financial Companies. As a result, SBI Capital Market Limited is considered as NBFC and IND AS is applicable to them w.e.f. 01st April 2018. Our company being associate company of SBI Capital Markets Limited (20% Shareholding), INDAS is applicable to our company w.e.f. 01st April 2018.

For and on behalf of the Board

Place : Mumbai
Date : 24/12/2019

Sd/
(Dinesh Kumar Khara)
Chairman



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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of SBI PENSION FUNDS PRIVATE LIMITED (the 'Company'), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or



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

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Financial Statements (*continued*)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of



the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- a. The comparative financial information of the Company for the transition date opening balance sheet as at 1 April 2017 and 31 March 2018 included in these financial statements, are based on the previously issued statutory financial statements for the year ended 31 March 2017 and 31 March 2018 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report dated 24 April 2017 and 20 April 2018 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Other Matters (continued)

- b. We refer to note no. 1.1 on Significant Accounting Policies, point no. a. Basis for Revision of financial statements from Indian GAAP to IND AS:

"The company had prepared its financial statements as on 31st March 2019 as per Indian GAAP. The same were audited by the statutory Auditors vide their report dated 19th April 2019. Subsequently Supplementary Audit Report was carried out by office of Comptroller & Auditor General of India (CAG) and they have issued certificate dated 08th July 2019. In the said report, CAG has made following observation on "Basis of Preparation of Accounting policy."

It has been mentioned in the report that, "The company has not complied with IND AS in the preparation of financial statements. As per companies (Indian Accounting Standards) Rules, 2015, NBFCs having net worth more than Rs. 500 crores, shall comply with IND AS from 01.04.2018 and any associate of such NBFC shall also comply with IND AS. SBI Capital Market, being a NBFC falling under this criterion, has adopted its accounts as per IND AS from 01.04.2018. But the company, which is its associate, has not done so and has prepared the financial statements as per erstwhile GAAP."

The said observation was placed before the board in the meeting held on 17th July 2019. It was decided by the members of the Board to revise the financial statements in IND AS in compliance with CAG remark. Based on the directions of the Board, the company has revised its financial statements as per IND AS for the first time along



with comparative figures as on 31st March 2018 with transition date of 01st April 2017.”

The management of the Company vide letter dated 05 August 2019 have appointed us again to audit the financial statements as per framework provided under Ind AS.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act;
- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act; and

Report on Other Legal and Regulatory Requirements (*continued*)

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.



(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations as at 31 March 2019 which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

(C) As required by section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statements of the company, we give in Annexure (C).

For Pradhan Phadke & Associates
Chartered Accountants
FRN: 108035W

Sd/-
CA Chirag Raut
Partner
Membership No. 161067
UDIN: 19161067AAAAAK2788

Place: Mumbai
Date: 05/09/2019



Annexure A to the Independent Auditor's Report of even date on the financial statements of SBI Pension Funds Private Limited

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a program of verification to cover all the items of fixed assets once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all the fixed assets were physically verified by management during the year ended 31 March 2019. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable property included in property, plant and equipment.
- (ii) The Company is a pension fund management Company and does not have any inventories. Accordingly, the provision of clause 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 (the 'Act'). Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under Section 185 of the Act and has complied with the provisions of Section 186 (1) of the Act. The Company being a Housing Finance Company, nothing contained in Section 186 is applicable, except subsection (1) of that section.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under apply. Accordingly, the provision of clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government of India has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.



- (vii) a. According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of duty of customs and duty of excise. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, the Company did not have any dues on account of income tax, sales tax, service tax, duty of customs, value added tax, goods and service tax and duty of excise which have not been deposited on account of dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowing to financial institutions, banks, or debenture holders during the year. During the year, the Company did not have any loans or borrowing from the Government.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not have taken any term loans. The Company has not raised any money by way of initial public offer or further public offer during the year.
- (ix) 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, and according to the explanation and information given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (x) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid / provided for managerial remuneration. Accordingly, the provision of clause 3(xi) of the Order is not applicable.
- (xi) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the provision of clause 3(xii) of the Order is not applicable.



- (xii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the accompanying financial statements, as required by the applicable accounting standards.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable.
- (xiv) According to the information and explanations given to us and based on our examination of the records, during the year the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provision of clause 3(xv) of the Order is not applicable.
- (xv) The Company is a pension management company and thus is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Pradhan Phadke & Associates
Chartered Accountants
FRN: 108035W

Sd/-
CA Chirag Raut
Partner
Membership No. 161067
UDIN: 19161067AAAAAK2788

Place: Mumbai
Date: 05/09/2019



Annexure B to the Independent Auditor's Report of even date on the financial statements of SBI Pension Funds Private Limited

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in paragraph (1 (A) (f)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of SBI Pension Funds Private Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial



controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Reporting

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Reporting

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with



reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Pradhan Phadke & Associates
Chartered Accountants
FRN: 108035W**

**Sd/-
CA Chirag Raut
Partner
Membership No. 161067
UDIN: 19161067AAAAAK2788**

**Place: Mumbai
Date: 05/09/2019**



ANNEXURE (C) TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 3 under the heading “Report on other legal and regulatory requirements” of our report of even date on Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of SBI Pension Funds Private Limited (“the Company”) for the year ended 31st March 2019, issued by Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013).

1. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

As informed by the management and based on the records examined by us, the company has maintained Books of Accounts in computerized system viz. Tally. ERP 9. The transactions are properly accounted in the said system. No financial transactions are recorded outside the said system.

2. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated

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

3. Whether funds received/receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.

As informed by the management and based on records examined by us, no such schemes are received during the period under review.

**For Pradhan Phadke & Associates
Chartered Accountants
FRN: 108035W**

**Sd/-
CA Chirag Raut
Partner
Membership No. 161067
UDIN: 19161067AAAAAK2788**

**Place: Mumbai
Date: 05/09/2019**



Compliance Certificate

We have conducted the audit of the accounts of **SBI Pension Funds Private Limited** for the year ended 31st March, 2019 in accordance with the directions issued by the C&AG of India under Section 143(5) of the Companies Act, 2013 & certify that we have complied with all the directions issued to us.

For Pradhan Phadke & Associates
Chartered Accountants
FRN: 108035W

Sd/-
CA Chirag Raut
Partner
Membership No. 161067
UDIN: 19161067AAAAAK2788

Place: Mumbai
Date: 05/09/2019



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF SBI PENSION FUNDS PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of SBI Pension Funds Private Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 19.04.2019. Supplementary Audit was carried out and Comments of C&AG was issued on 08.07.2019 pointing out that the Company has not adopted IndAS, though it was required to do so. Based on the comment, the Company revised the financial statements as per IndAS framework, which was adopted by the Board on 05.09.2019. The Statutory auditor issued Revised Audit Report on the revised financial statements on 05.09.2019 which superseded their earlier Audit Report dated 19.04.2019.

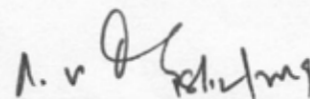
I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the revised financial statements of SBI Pension Funds Private Limited for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under Section 143(6) (b) of the Act.

Place : Mumbai

Date : 05/09/2019



(P V Hari Krishna)

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



Balance Sheet as at 31st March, 2019

Amount in ₹

	Particulars	Note No	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
	ASSETS				
1	Financial Assets				
(a)	Cash and cash equivalents	2	6,40,03,070	5,26,71,031	1,74,03,157
(b)	Bank Balance other than (a) above	3	21,00,00,000	23,31,00,000	27,66,52,493
(c)	Derivative financial instruments		-	-	-
(d)	Receivables				
	(I) Trade Receivables	4	3,11,30,722	2,32,60,192	1,74,39,494
	(II) Other Receivables		-	-	-
(e)	Loans		-	-	-
(f)	Investments	5	10,000	10,000	10,000
(g)	Other Financial assets	6	6,03,52,960	4,26,59,188	3,03,50,983
			365496752	351700411	341856127
2	Non-financial Assets				
(a)	Inventories		0	0	0
(b)	Current tax Assets (Net)		6320718	4951304	4319136
(c)	Deferred Tax Assets (Net)	7	198062	1164441	1314593
(d)	Investment Property		0	0	0
(e)	Biological assets other than bearer plants		0	0	0
(f)	Property, Plant and Equipments	8	4367246	2417010	1875398
(g)	Capital Work-in-Progress		0	0	0
(h)	Intangible assets under development		0	0	0
(i)	Goodwill		0	0	0
(j)	Other Intangible assets	8	272607	324982	321540
(k)	Other non-financial assets	9	13269297	10356911	4594433
			24427931	19214648	12425100
	Total Assets		389924683	370915059	354281227



	LIABILITIES AND EQUITY				
	LIABILITIES				
1	Financial Liabilities				
(a)	Derivative financial instruments		-	-	-
(b)	Payables				
	(I) Trade Payables		-	-	-
	(i) total outstanding dues of micro enterprise and small enterprises		-	-	-
	(ii) total outstanding dues to creditors other than micro enterprises and small enterprises		-	-	-
	(II) Other Payables	10	13,16,139	12,13,585	12,47,406
	(i) total outstanding dues of micro enterprise and small enterprises		-	-	-
	(ii) total outstanding dues to creditors other than micro enterprises and small enterprises		-	-	-
(c)	Debt Securities		-	-	-
(d)	Borrowings (other than Debt Securities)		-	-	-
(e)	Deposits		-	-	-
(f)	Subordinated Liabilities		-	-	-
(g)	Other financial liabilities	11	13,80,719	9,91,897	1,09,146
			26,96,858	22,05,482	13,56,552
2	Non-financial Liabilities				
(a)	Current tax liabilities (Net)		-	-	-
(b)	Provisions	12	17,68,952	25,51,521	16,43,169
(c)	Deferred Tax Liabilities (Net)		-	-	-
(d)	Other non-financial liabilities	13	15,88,703	11,54,198	2,15,625
			33,57,655	37,05,719	18,58,794
3	EQUITY				
(a)	Equity Share Capital	14	30,00,00,000	30,00,00,000	30,00,00,000
(b)	Other Equity	15	8,38,70,170	6,50,03,858	5,10,65,881
			38,38,70,170	36,50,03,858	35,10,65,881
	Total Liabilities and Equity		38,99,24,683	37,09,15,059	35,42,81,227

As per our report of even date attached herewith

For Pradhan Phadke & Associates

Chartered Accountants

Firm Regn. No.: 108035W

CA Chirag Raut

Partner

Membership No: 161067

Place : Mumbai,

Date : 05/09/2019

For and on behalf of the Board of Directors

SBI PENSION FUNDS PRIVATE LTD.

Dinesh Kumar Khara

Chairman

DIN- 06737041

Tejas Mehta

Company Secretary

PAN- BASPM0817J

Narayanan Sadanandan

Managing Director & CEO

DIN- 07263104

Ashish Patnaik

Chief Financial Officer

PAN- AJSP1737A



Statement of Profit and Loss for the year ended March 31st, 2019

Amount in ₹

	Particulars	Note No	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue from Operations			
(i)	Interest Income		-	-
(ii)	Dividend Income		-	-
(iii)	Fee and commission income	16	10,38,13,632	7,99,00,405
(iv)	Net gain on fair value changes		-	-
I	Total Revenue From Operations		10,38,13,632	7,99,00,405
II	Other Income	17	2,36,47,447	2,47,63,735
III	Profit on Sale of investment		-	-
IV	Total Income (I+II+III)		12,74,61,079	10,46,64,140
V	Expenses			
(i)	Finance Costs		-	-
(ii)	Net loss on fair value changes		-	-
(iii)	Impairment of financial instruments		-	-
(iv)	Employee benefit Expenses	18	2,29,02,399	2,36,78,654
(v)	Depreciation and amortisation	10	8,37,106	8,04,859
(vi)	Other Expenses	19	7,72,02,130	6,06,86,384
V	Total Expenses		10,09,41,635	8,51,69,897
VI	Profit before exceptional items and tax (IV-V)		2,65,19,444	1,94,94,243
VII	Exception items		-	-
VIII	Profit before tax (VI-VII)		2,65,19,444	1,94,94,243
IX	Tax Expense			
	(1) Current tax	7	66,86,753	54,06,114
	(2) Deferred tax	7	9,66,379	1,50,152
IX	Net Tax Expense		76,53,132	55,56,266
X	Profit for the year		1,88,66,312	1,39,37,977
XI	Other Comprehensive Income		-	-
XII	Total Comprehensive Income for the year (X+XI)		1,88,66,312	1,39,37,977
	(Comprising Profit/(loss) and Other Comprehensive Income/(Loss) for the year)			
XIII	Earnings per equity share	20		
	Equity Share of par value ₹ 10/- each			
	(1) Basic		0.63	0.46
	(2) Diluted		0.63	0.46

The accompanying notes forming part of the Financial Statements
In terms of our report of even date

For Pradhan Phadke & Associates

Chartered Accountants
Firm Regn. No.: 108035W

CA Chirag Raut
Partner
Membership No: 161067
Place : Mumbai,
Date : 05/09/2019

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

Dinesh Kumar Khara
Chairman
DIN- 06737041
Tejas Mehta
Company Secretary
PAN- BASPM0817J

Narayanan Sadanandan
Managing Director & CEO
DIN- 07263104
Ashish Patnaik
Chief Financial Officer
PAN- AJSP1737A



Cash flow statement for the year ended 31st March, 2019

Amount in ₹

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,65,19,444	1,94,94,243
Adjustments for		
Loss on sale of Fixed Assets	27,717	345
Depreciation	8,37,106	8,04,859
Other Income	(2,36,00,144)	(2,37,19,069)
Assets Written off	14,389	7,609
Operating profit before working capital changes and adjustments for Interest paid, Interest received and dividend received	37,98,512	(34,12,013)
Adjustment for		
(Increase)/Decrease in Trade Receivable	(78,70,530)	(58,20,698)
(Increase)/Decrease in Other Financial Assets	(1,76,93,772)	(1,23,08,205)
(Increase)/Decrease in Other Non Financial Assets	(42,81,801)	(63,94,646)
Increase/(Decrease) in Other Payables	1,02,554	(33,821)
Increase/(Decrease) in Other Financial Liabilities	3,88,821	8,82,750
Increase/(Decrease) in Provisions	(7,82,569)	9,08,352
Increase/(Decrease) in Other Non Financial Liabilities	4,34,505	9,38,573
Cash used in operations	(2,59,04,280)	(2,52,39,708)
Taxes paid	66,86,753	54,06,114
Net cash used in Operating Activities	(3,25,91,033)	(3,06,45,822)
2. CASH FLOW FROM INVESTING ACTIVITIES		
Interest Received	2,36,00,144	2,37,19,069
Increase/Decrease in Fixed Deposits	2,31,00,000	4,35,52,493
Purchase of Tangible & Intangible Assets	(27,78,274)	(13,59,866)
Sale of Tangible & Intangible Assets	1,200	2,000
CASH USED IN INVESTING ACTIVITIES	4,39,23,070	6,59,13,696
3. CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH FROM FINANCING ACTIVITIES	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,13,32,037	3,52,67,874
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,26,71,033	1,74,03,157
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6,40,03,070	5,26,71,031

The accompanying notes forming part of the Financial Statements
In terms of our report of even date

For Pradhan Phadke & Associates

Chartered Accountants
Firm Regn. No.: 108035W

CA Chirag Raut
Partner
Membership No: 161067
Place : Mumbai,
Date : 05/09/2019

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

Dinesh Kumar Khara
Chairman
DIN- 06737041
Tejas Mehta
Company Secretary
PAN- BASPM0817J

Narayanan Sadanandan
Managing Director & CEO
DIN- 07263104
Ashish Patnaik
Chief Financial Officer
PAN- AJSP1737A



Statement of Changes in Equity for the period ended 31st, March 2019

Amount in ₹

A.	Equity Share Capital Particulars	As at March 31st, 2019		As at March 31st, 2018	
		No. of Shares	Amount	No. of Shares	Amount
	Equity shares of face value of Rs. 10/- each issued on subscribed and fully paid up				
	Balance at the beginning of the year	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
	Changes in Equity share capital during the year	-		-	
	Balance at the end of the period	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000

B. Other Equity

Particulars	Reserves and Surplus	Equity attributable to Shareholders of Company	Total Other Equity
	Retained Earnings		
Balance at the April 1, 2017	5,10,65,881	5,10,65,881	5,10,65,881
Add: Profit for the year	1,39,37,977	1,39,37,977	1,39,37,977
Balance as at March 31, 2018	6,50,03,858	6,50,03,858	6,50,03,858
Add: Profit for the year	1,88,66,312	1,88,66,312	1,88,66,312
Balance as at March 31, 2019	8,38,70,170	8,38,70,170	8,38,70,170

Reconciliation of Equity reported under GAAP and IND AS as on 31st March 2018

Particulars	Amount as per IND AS	Amount as per GAAP	Variation	Reason for Variation
Equity Share Capital	30,00,00,000	30,00,00,000	-	No Impact of IND AS
Other Equity	36,50,03,858	36,50,03,858	-	No Impact of IND AS

Reconciliation of Profit after Tax reported under GAAP and IND AS as on 31st March 2018

Particulars	Amount as per IND AS	Amount as per GAAP	Variation	Reason for Variation
Profit after Tax	1,39,37,977	1,39,37,977	-	No Impact of IND AS

Reconciliation of Equity reported under GAAP and IND AS as on 01st April 2017

Particulars	Amount as per IND AS	Amount as per GAAP	Variation	Reason for Variation
Equity Share Capital	30,00,00,000	30,00,00,000	-	No Impact of IND AS
Other Equity	35,10,65,881	35,10,65,881	-	No Impact of IND AS



Notes to the Financial Statement for the year ended 31st March, 2019

Company's Basic Information-

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

Note 1.1: - Significant Accounting Policies

a. Basis for Revision of financial statements from Indian GAAP to IND AS

The company had prepared its financial statements as on 31st March 2019 as per Indian GAAP. The same were audited by the statutory Auditors vide their report dated 19th April 2019. Subsequently Supplementary Audit Report was carried out by office of Comptroller & Auditor General of India (CAG) and they have issued certificate dated 08th July 2019. In the said report, CAG has made following observation on "Basis of Preparation of Accounting policy."

It has been mentioned in the report that, "The company has not complied with IND AS in the preparation of financial statements. As per companies (Indian Accounting Standards) Rules, 2015, NBFCs having net worth more than Rs. 500 crores, shall comply with IND AS from 01.04.2018 and any associate of such NBFC shall also comply with IND AS. SBI Capital Market, being a NBFC falling under this criterion, has adopted its accounts as per IND AS from 01.04.2018. But the company, which is its associate, has not done so and has prepared the financial statements as per erstwhile GAAP."

The said observation was placed before the board in the meeting held on 17th July 2019. It was decided by the members of the Board to revise the financial statements in IND AS in compliance with CAG remark. Based on the directions of the Board, the company has revised its financial statements as per IND AS for the first time along with comparative figures as on 31st March 2018 with transition date of 01st April 2017.

b. Basis of preparation of financial statements (Ind AS - 1)

These financial statements have been prepared in accordance with Indian Accounting Standards in India ("Ind AS") notified under the companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) This note provides a list of the significant accounting policies adopted in the preparation of the financial Statements comprising of Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income along with reconciliation of profit for the year ended 31 March, 2018, and notes to accounts.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

c. First Time Adoption of Ind AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 1, 2018, with a transition date of April 1, 2017. The Financial Statements for the year ended March 31, 2019 are the first financial statements the company has prepared under Ind AS.



The adoption of Ind AS has been carried out in accordance with Ind AS 101, first-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS Statements be applied retrospectively and consistently for all financial years presented.

In preparing these Ind AS financial statements, the company has availed certain exemptions and exceptions in accordance with Ind AS 101.

d. Cash Flow Statement (Ind AS - 7)

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.

e. Cash & Cash Equivalents

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

f. Accounting Policies, Changes in Accounting Estimates and Errors (Ind AS - 8)

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

Judgements:

Financial Statements are made with information about judgements made in applying accounting policies that have a most significant effect on the amount recognized in the Financial Statements.

Assumptions and estimation uncertainties:

Financial Statements are made with information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2019.

g. Property, Plant & Equipment

Property, Plant & Equipment (Ind AS - 16)

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



Intangible Assets (Ind AS - 38)

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

h. Depreciation and Amortization (Ind AS - 16)

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

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

<u>Sr.No.</u>	<u>Particulars</u>	<u>Useful Life</u>
1	Plant & Machinery	15 Years
2	Furniture & Fixture	10 years
3	Office Equipment	5 Years
4	Electrical Installation	10 Years
5	Other (Computers)- End Users/ Servers	3/ 6 years
6	Intangible Assets	3 years

Intangibles

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

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

i. Revenue from Contracts with Customers (Ind AS - 115)**j. Revenue from Operation**

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

ii. Other Income

Revenue is recognized only when it is reasonably certain that the ultimate collection will be made. Interest on Fixed Deposits is recognized on accrual basis. Other income is recognized as and when it is received.

k. Investment Property (Ind AS - 40)

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



l. Retirement Benefits (Ind AS - 19)

a. Provident fund is a defined contribution scheme and the contributions as required by the statute paid to Government Provident Fund are charged to profit and loss account. However, it also includes payment of provident fund of employees on deputation of State Bank of India, paid by state Bank of India, however same is reimbursed by the Company.

b. Liabilities on account of the provision of Gratuity, of officer on deputation from State Bank of India are made by State Bank of India, however same is reimbursed by the Company. Liability on account of Market recruits, is provided for in the books of accounts.

c. Salary, allowances and other perquisites paid to the officers on deputation from State Bank of India (SBI) are reimbursed to SBI on actual basis. Additionally, 30% of officers' salary towards Bank's contribution to SBI Employees' Provident Fund, SBI Employees' Pension Fund and Employees' Gratuity Fund are also reimbursed to SBI.

m. Earnings per share (Ind AS - 33)

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

n Income Taxes (Ind AS - 12)

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

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

Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each



reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

o. Impairment of Assets (Ind AS - 36)

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

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

p. Provisions, Contingent Liabilities and Contingent Assets (Ind AS - 37)

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

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

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

q. Financial Instruments

Financial assets and financial liabilities are recognised in the Balance Sheet on trade date when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Statement of Profit and Loss.



If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- a) If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the Statement of Profit and Loss on initial recognition (i.e. day 1 profit or loss);
- b) In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to the Statement of Profit and Loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

r) Financial assets

Classification

On initial recognition, depending on the Company's business model for managing the financial assets and its contractual cash flow characteristics, a financial asset is classified as measured at;

- 1) Amortised cost;
- 2) Fair value through other comprehensive income (FVTOCI); or
- 3) Fair value through profit and loss (FVTPL).

Initial recognition and measurement

Financial asset is recognised on trade date initially at cost of acquisition net of transaction cost and income that is attributable to the acquisition of the financial asset. Cost equates the fair value on acquisition. Financial asset measured at amortised cost and financial asset measured at fair value through other comprehensive income are presented at gross carrying value in the Financial Statements. Unamortised transaction cost and unamortised income and impairment allowance on financial asset are shown separately under the heading "Other non-financial asset", "Other non-financial liability" and "Provisions" respectively.

Based on the assessment of the business models, the Company has identified the following three choices of classification of its financial assets:

- a) Financial assets that are held within a business model whose objective is to collect the contractual cash flows ("Asset held to collect contractual cash-flows"), and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are measured at amortised cost;
- b) Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ("Contractual cash flows of Asset collected through hold and sell model") and that have contractual cash flows that are SPPI, are measured at FVTOCI.
- c) All other financial assets (e.g. managed on a fair value basis, or held for sale) and equity investments are measured at FVTPL.



Financial asset at amortised cost:

Amortised cost of financial asset is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Contractual cash flows that do not introduce exposure to risks or volatility in the contractual cash flows on account of changes such as equity prices or commodity prices and are related to a basic lending arrangement, do give rise to SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Financial asset at fair value through Other Comprehensive Income (FVTOCI)

After initial measurement, basis assessment of the business model as “Contractual cash flows of Asset collected through hold and sell model and SPPI”, such financial assets are classified to be measured at FVTOCI. Contractual cash flows that do introduce exposure to risks or volatility in the contractual cash flows due to changes such as equity prices or commodity prices and are unrelated to a basic lending arrangement, do not give rise to SPPI.

The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. The carrying value of the financial asset is fair valued by discounting the contractual cash flows over contractual tenure, basis the internal rate of return of a new similar asset originated in the month of reporting and such unrealised gain/loss is recorded in Other Comprehensive Income (OCI). Where such a similar product is not originated in the month of reporting, the closest product origination is used as a proxy. Upon sale of the financial asset, actual the gain/ loss realised is recorded in the Statement of Profit and Loss and the unrealised/gain losses recorded in OCI are recycled to the Statement of Profit and Loss.

Financial asset at fair value through profit and loss (FVTPL)

Financial asset, which does not meet the criteria for categorization at amortised cost or FVTOCI, is classified as at FVTPL. In addition, the Company may elect to classify a financial asset which otherwise meets the amortised cost or FVTOCI criteria as FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’). Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Reclassifications within classes of financial assets

A change in the business model would lead to a prospective re-classification of the financial asset and accordingly, the measurement principles applicable to the new classification will be applied. During the current financial and previous accounting years, there was no change in the business model under which the Company held financial assets and therefore, no reclassifications were made.

Modification and De-recognition of financial assets

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately



or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as stage 3 immediately upon such modification in the terms of the contract.

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- 1) the rights to receive cash flows from the asset have expired, or
- 2) the Company has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liability, Equity and Compound Financial Instruments

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

Classification

The Company classifies its financial liability as "Financial liability measured at amortised cost" except for those classified as financial liabilities measured at fair value through profit and loss (FVTPL).

Initial recognition and measurement

Financial liability is recognised initially at cost of acquisition net of transaction costs and incomes that is attributable to the acquisition of the financial liability. Cost equates the fair value on acquisition. The Company may irrevocably designate a financial liability that meet the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).



De-recognition of financial liabilities

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

No gain/loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

s. Previous Year's figure have been re-grouped/rearranged wherever necessary to conform to the current year's presentation.

Note 1.2 Explanation of Transition to IND AS

Interest as per effective interest rate on financial assets at amortised cost:

1) Security Deposits

Under IGAAP, interest free security deposits given to landlords for premises rented, was recorded as an asset, while rent was booked as an expense as per the rental agreement. Under IND AS, interest free security deposit is required to be discounted based on the internal cost of borrowings. The difference between the discounted present value of the security deposit and the actual security deposit given to landlords is required to be recorded as prepaid rent. The prepaid rent is amortised on a straight-line basis over life of the security deposit in line with Ind AS 17. The interest income representing the differential between the security deposit given and the present value of the security deposit given is recorded in such a manner that the difference between rental expense and interest income nullifies itself at the end of tenure of the security deposit, as per Ind AS 109. Since the Discounted Figure is immaterial, the same is kept at historic cost.

2) Reclassification of Extra-ordinary Items and Exceptional Items

Under IGAAP the activities that are recorded under Extra-ordinary items & Exceptional Items are treated as ordinary expense under IND AS and shown under normal business activities.

For Pradhan Phadke & Associates

Chartered Accountants

FRN: 108035W

Sd/-

CA Chirag Raut

Partner

Mem. No.: 161067

For and on behalf of Board of

SBI Pension Fund Private Limited

Dinesh Kumar Khara

(Chairman)

DIN-06737041

Narayanan Sadanandan

(Managing Director & CEO)

DIN-07263104

Place: Mumbai

Date: 05/09/2019

Tejas Mehta

(Company Secretary)

PAN- BASPM0817J

Ashish Patnaik

(Chief Financial Officer)

PAN-AJSP1737A



NOTE "2" CASH AND CASH EQUIVALENTS

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At Amortised Cost			
(a) Balances with banks (in the nature of cash and cash equivalents)	2,03,070	12,21,031	14,52,924
(b) Bank deposits with maturity less than 3 months	6,38,00,000	5,14,50,000	1,59,50,233
Total	6,40,03,070	5,26,71,031	1,74,03,157

NOTE "3" OTHER BALANCES WITH BANKS

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At Amortised Cost			
(a) Bank deposits with maturity more than 3 months but less than 12 months	-	2,12,00,000	10,03,526
(b) Bank deposits with maturity more than 12 months	21,00,00,000	21,19,00,000	27,56,48,967
Total	21,00,00,000	23,31,00,000	27,66,52,493

Deposits include Rs. 5,00,00,000/- plus accrued interest of Rs. 1,48,77,963.44 (Previous Year : Rs Rs. 1,03,66,179.80) pledged for cash margin against Bank Guarantee of Rs. 3,20,00,000/- (previous Year Rs. 1,80,00,000/-) given to PFRDA as per agreement.

NOTE "4" TRADE RECEIVABLES

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At Amortised Cost			
Receivables considered good - unsecured	3,11,30,722	2,32,60,192	1,74,39,494
Less: Allowance for impairment loss	-	-	-
Total	3,11,30,722	2,32,60,192	1,74,39,494

NOTE "5" INVESTMENTS

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Carried at Cost			
Equity Shares of SBI Foundation	10,000	10,000	10,000
Total	10,000	10,000	10,000

NOTE "6" OTHER FINANCIAL ASSETS

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At Amortised Cost			
Security Deposits	13,43,159	18,02,500	18,52,500
Interest accrued on Deposits (with maturity less than 12 months)	23,49,874	11,93,745	69,314
Interest accrued on Deposits (with maturity more than 12 months)	5,66,59,927	3,96,62,943	2,84,29,169
Total	6,03,52,960	4,26,59,188	3,03,50,983



NOTE "7" INCOME TAXES

(a) The income tax expense consist of the following

PARTICULARS	As at March 31, 2019	As at March 31, 2018
At Amortised Cost		
Current tax		
Current tax expense for the period	66,86,753	55,56,266
Current tax expense/(benefit) pertaining to prior years	-	-
	66,86,753	55,56,266
Deferred tax benefit		
Origination and reversal of temporary differences	9,66,379	1,50,152
Change in tax rates	-	-
	9,66,379	1,50,152
Total income tax expense recognised in the period	76,53,132	57,06,418

(b) Deferred Tax Assets

The major components of deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

PARTICULARS	Opening Balance	Recognized/ Reversed through profit and loss	Closing Balance
Deferred Tax Assets:-			
(a) Depreciation on property, plant & equipment	39,291	38,664	77,955
Deferred Tax Liabilities:-			
(a) Unabsorbed losses to be carried forward	11,25,150	(10,05,043)	1,20,107
Net Deferred Tax Asset	11,64,441	(9,66,379)	1,98,062

The major components of deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

PARTICULARS	Opening Balance	Recognized/ Reversed through profit and loss	Closing Balance
Deferred Tax Assets:-			
(a) Depreciation on property, plant & equipment	52,628	(13,337)	39,291
Deferred Tax Liabilities:-			
(a) Unabsorbed losses to be carried forward	12,61,965	(1,36,815)	11,25,150
Net Deferred Tax Asset	13,14,593	-1,50,152	11,64,441



Annual Report 2018-19

The major components of deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

PARTICULARS	Opening Balance	Recognized directly in equity	Closing Balance
Deferred Tax Assets:- (a) Depreciation on property, plant & equipment	57,117	(4,489)	52,628
Deferred Tax Liabilities:- (a) Unabsorbed losses to be carried forward	12,61,965	-	12,61,965
Net Deferred Tax Asset	13,19,082	(4,489)	13,14,593

Gross Deferred Tax assets and liabilities are as follows

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Deferred Tax Assets:- (a) Depreciation on property, plant & equipment	77,955	39,291	52,628
Deferred Tax Liabilities:- (a) Unabsorbed losses to be carried forward	1,20,107	11,25,150	12,61,965
Net Deferred Tax Asset	1,98,062	11,64,441	13,14,593



Notes to the Financial Statements for the year ended 31.03.2019
 8. Property, Plant & Equipments
 Carried at Cost

Amount in Rs.

Sr. No	Particulars	Gross Block				Depreciation			Net Block		
		Value at the beginning Reporting period	Addition during the Period	Deduction during the Period	Value at the end Reporting Period	Value at the beginning Reporting period	Addition during the period	Deduction during the period	Value at the end Reporting Period	WDV as on End of Reporting period	WDV as on Last Reporting period
8.1	<u>Tangible Assets</u>										
1	Plant & Machinery	8,21,639	-	-	8,21,639	4,86,018	37,548	-	5,23,566	2,98,073	3,35,621
2	Furniture & fixtures	26,79,206	17,69,652	52,200	43,96,658	21,39,025	1,48,020	23,283	22,63,762	21,32,896	5,40,181
3	Office Equipment	12,22,490	83,504	-	13,05,994	7,90,183	1,18,873	-	9,09,056	3,96,938	4,32,307
4	Electrical Installations	11,45,037	8,08,804	-	19,53,841	8,07,014	1,02,101	-	9,09,115	10,44,726	3,38,023
5	Other (Computer)	23,67,014	38,729	2,87,784	21,17,959	15,96,137	3,00,604	2,73,395	16,23,346	4,94,613	7,70,877
	SUB TOTAL (A)	82,35,386	27,00,689	3,39,984	1,05,96,091	58,18,377	7,07,146	2,96,678	62,28,845	43,67,246	24,17,009
8.2	<u>Intangible Assets</u>										
	SUB TOTAL (B)	18,25,997	77,585	-	19,03,582	15,01,015	1,29,960	-	16,30,975	2,72,607	3,24,982
III	Capital Work-in-progress										
	SUB TOTAL (C)	-	-	-	-	-	-	-	-	-	-
IV	Intangible Assets Under Development										
	SUB TOTAL (D)	-	-	-	-	-	-	-	-	-	-
	Total [A + B] (Current year)	1,00,61,383	27,78,274	3,39,984	1,24,99,673	73,19,392	8,37,106	2,96,678	78,59,820	46,39,853	27,41,991
	Figures as at 31st March 2018	88,29,994	13,59,866	1,28,477	1,00,61,383	66,33,056	8,04,859	1,18,523	73,19,392	27,41,991	21,96,938
	Figures as at 31st March 2017	83,94,913	7,18,781	2,83,700	88,29,994	62,79,656	6,22,915	2,69,515	66,33,056	21,96,938	21,15,257



NOTE "9" OTHER NON-FINANCIAL ASSETS

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At Amortised Cost			
(a) Advance for purchase of Treasury software	22,50,000	-	-
(b) Prepaid Expenses			
Other Prepaid Expenses	59,49,428	58,28,098	12,73,646
Unamortized interest on Security Deposits			
Shri Prateek Pal	6,212	-	-
Sujesh T.V	40,066	-	-
Ashish Patnaik	50,088	-	-
Ram Sushi Singh	22,200	-	-
(c) Income Tax (FY 17-18) (Net off Provisions)	49,51,304	-	-
(d) Income Tax (FY 16-17) (Net off Provisions)	-	45,28,813	-
(e) Income Tax Refund (15-16) (Net off Provisions)	-	-	33,20,787
Total	1,32,69,297	1,03,56,911	45,94,433

NOTE "10" OTHER PAYABLES

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At Amortised Cost			
(a) Provision for Expenses	13,16,139	12,13,585	12,47,406
Total	13,16,139	12,13,585	12,47,406

NOTE "11" OTHER FINANCIAL LIABILITIES

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At Amortised Cost			
(a) Payables related to Suppliers	13,60,719	9,85,897	1,09,146
(b) Payable related to Employees	20,000	6,000	-
Total	13,80,719	9,91,897	1,09,146

NOTE "12" PROVISIONS

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At Amortised Cost			
(a) Provision for Gratuity	6,67,403	3,67,310	-
(b) SBI - Deputies Salary Account (Sep)	9,89,131	21,07,660	16,43,169
(C) Provision for Leave Encashment	1,12,418	76,551	-
Total	17,68,952	25,51,521	16,43,169



NOTE "13" OTHER NON-FINANCIAL LIABILITIES

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At Amortised Cost			
(a) GST Payable	12,69,169	8,42,058	-
(b) TDS Payable	3,19,534	3,12,140	-
(c) Other Dues Payable	-	-	2,15,625
Total	15,88,703	11,54,198	2,15,625

NOTE "14" SHARE CAPITAL

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<u>Authorised</u>			
10,00,00,000 equity shares of ₹ 10/- each	1,00,00,00,000	1,00,00,00,000	1,00,00,00,000
Total	1,00,00,00,000	1,00,00,00,000	1,00,00,00,000
<u>Issued, Subscribed and paid up</u>			
3,00,00,00,000 equity shares of ₹ 10/- each fully paid up	30,00,00,000	30,00,00,000	30,00,00,000
Total	30,00,00,000	30,00,00,000	30,00,00,000

14.1 Reconciliation of number of equity shares outstanding

PARTICULARS	No of Shares	Amount in ₹
Equity Shares		
Opening Balance as on April 01, 2017	3,00,00,000	30,00,00,000
Add/Less: During the year	-	-
Closing Balance as on March 31, 2018	3,00,00,000	30,00,00,000
Add/Less: During the year	-	-
Closing Balance as on March 31, 2019	3,00,00,000	30,00,00,000

14.2 Terms/rights attached to equity shares

- (i) The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- (ii) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



14.3 Details of shareholders holding more than 5% shares in the company

	As at March 31st, 2019		As at March 31st, 2018		As at March 31st, 2017	
	No. of Shares	% of Toal Share Capital	No. of Shares	% of Toal Share Capital	No. of Shares	% of Toal Share Capital
Equity shares of ₹10/- each fully paid						
State Bank of India Ltd.	1,80,00,000	60	1,80,00,000	60	1,80,00,000	60
SBI Funds Management Pvt. Ltd.	60,00,000	20	60,00,000	20	60,00,000	20
SBI Capital Markets Ltd.	60,00,000	20	60,00,000	20	60,00,000	20
	3,00,00,000	100	3,00,00,000	100	3,00,00,000	100

NOTE "15" OTHER EQUITY

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(a) Surplus in Statement of Profit & Loss	6,50,03,858	5,10,65,881	4,07,58,956
Add:- Addition during the year	1,88,66,312	1,39,37,977	1,03,06,925
Total	8,38,70,170	6,50,03,858	5,10,65,881



NOTE "16" FEE AND COMMISSION INCOME

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Management Fees	10,38,13,632	7,99,00,405
Total	10,38,13,632	7,99,00,405

NOTE "17" OTHER INCOME

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Interest Income	2,36,00,144	2,37,19,069
(b) Other Income	47,303	10,44,666
(c) Security Deposits	-	-
Total	2,36,47,447	2,47,63,735

NOTE "18" EMPLOYEE BENEFIT EXPENSES

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Salaries & Wages	2,00,27,582	2,09,76,505
(b) Contribution to provident and other funds	15,83,091	16,55,193
(c) Gratuity	3,00,093	3,67,310
(d) Leave Encashment	1,12,418	1,31,514
(e) Staff welfare Expenses	8,42,788	5,35,822
(f) Reimbursement of Expenses	36,427	12,310
Total	2,29,02,399	2,36,78,654

18.1 Salaries & wages includes salaries & wages paid to employees of State Bank of India on deputation as per effective circular no. CDO/ PRHRD-CM/70/2011-12 and CDO/P & HRD -CM/88/2012-13 dated 04.10.2011 & 15.03.13 respectively of Rs. 13,106,325/- (Previous Year : Rs. 15,949,007/-)

18.2 Contribution to provident and other funds also include provident and other funds payment to State Bank of India on salaries & wages paid for the employees on deputation of Rs. 1,583,091 /- (Previous Year: Rs.1,655,193/-)



NOTE "19" OTHER OPERATING EXPENSES

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Commission & Brokerage	66,47,514	58,37,001
(b) Connectivity Charges	64,90,371	41,57,616
(c) Director's Fees	5,50,000	4,85,000
(d) Power	5,52,050	6,53,070
(e) Rent	65,50,200	67,15,964
(f) Repairs & Maintenance	4,44,583	2,99,680
(g) Insurance	20,366	16,989
(h) License & renewal Fees	4,46,76,581	3,33,61,573
(i) Miscellaneous Expenses	39,73,943	29,03,646
(j) Professional Charges	5,67,610	5,36,441
(k) Rates & Taxes	3,62,934	3,01,664
(l) Travelling Expenses	43,43,914	38,02,395
(m) Loss on Sale/Exchange of Fixed Asset	27,717	345
(n) Prior Period IT Expenses	3,86,767	-
(o) Compensation paid to NPS Trust	26,106	-
(p) Website Hosting Expenses for 2016-17	-	50,000
(q) Amortization of Security Deposits	40,774	-
Total	7,56,61,430	5,91,21,384

19.1 Miscellaneous Expenses includes Expenses made during the year having value less than 1% of turnover or Rs.100,000/- whichever is higher

19.2 Misc Expenses Include Membership fees of the club of Rs. 3,800,000 for the period of 20 years for MD CEO Of the company. Same has been amortized over 20 years. Accordingly Rs. 2,58,954/- (Previous Year :Rs. 1,99,603/-) charged to the Statement of Profit and Loss in the current year

19.3 Misc Expenses include Rs. 740/- (Previous Year - Rs. 1,080/-) paid towards interest on late payment of TDS /Service Tax/GST

19.4 Rates and Taxes amount includes Rs. 90,044 (Previous Year : Rs. 64,190/-) paid towards GST Amount included in Brokerage and Travelling Expenses for which input credit could not be taken.

Note 19.5 AUDITORS' REMUNERATION

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) For Statutory Audit	50,000	75,000
(b) For System Audit	-	85,000
(c) For Internal Audit	2,20,000	2,40,000
(d) For Scheme Audit	10,20,000	10,20,000
(e) For Concurrent Audit Fees	2,25,700	1,20,000
(f) For Tax Audit	25,000	25,000
Total	15,40,700	15,65,000



Note 20. Earnings per Share	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit available for distribution to equity share holders	1,88,66,312	1,39,37,977
Weighted average no of equity shares	3,00,00,000	3,00,00,000
Basic Earnings per share	0.63	0.46
Diluted Earnings per share	0.63	0.46

Note 21 Contingent liabilities and commitments	As at March 31st, 2019	As at March 31st, 2018	As at March 31st, 2017
Bank Guarantees	3,20,00,000	1,80,00,000	1,40,00,000
	3,20,00,000	1,80,00,000	1,40,00,000

Performance Bank Guarantee favoring PFRDA for the period of 5 Years against pledge of Fixed deposit of Rs. 5,00,00,000/-

22. Capital commitments

The company had issued purchase order dated 06.12.2018 of Rs. 60 Lakhs to 3i Infotech for procurement of Mfund plus Treasury Software for covering operations at Front office, Mid office and back office. As on 31.03.2019, 37.5% i.e Rs. 22.50 Lakhs of PO amount has been billed by the vendor. Hence, remaining amount of Rs. 37.50 Lakhs will stand under capital commitment. (Previous Year Amt- Rs. NIL)

24. Operating Segements

The Company is engaged in a single business segment i.e. Pension Fund Management. In the absence of separate reportable business or geographic segment the reporting requirements pursuant to Ind AS 108 - Operating Segment does not arise.

25. Operating Leases

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

25.2 Lease payments are recognized in the profit and loss account under 'Rent' in Note 19-Other Operating Expenses. For the current year amount of Rs.65,50,200/- was charged to Profit and Loss account (Previous Year: Rs. 67,15,964/-)

25.3 The company has not taken any assets on Financial Lease.



23. Related Party Disclosures**Key Managerial Person (KMP)**

Shri. Kumar Sharadindu, Managing Director & CEO

Shri Tejas Mehta, Company Secretary & Compliance Officer

Shri Ashish Patnaik, Chief Financial Officer

Related Parties

State Bank of India- Holding Company- AAACS8577K

SBI Foundation - Subsidiary of Holding Company AAVCS9268A

SBI Funds Management Pvt. Ltd.-Associate Company AAACS7339D

SBI Capital Markets Ltd.-Associate Company AAACS7914E

“SBI General Insurance Company Limited- Subsidiary company of Holding company AAMCS8857L”

Transactions with related parties			
Nature of transaction	Key managerial person	Body corporates where control exists	Gross Amount
<u>Share Capital</u>			
Opening Balance		30,00,00,000	30,00,00,000
Add : Issued during the year		-	-
Closing Balance		30,00,00,000	30,00,00,000
<u>Deposits</u>			
Opening Balance		28,45,50,000	28,45,50,000
Add: Fixed Deposit made during the year		14,56,42,615	14,56,42,615
Less : Matured during the year		15,63,92,615	15,63,92,615
Closing Balance		27,38,00,000	27,38,00,000
<u>Interest Accrued during the Year</u>			
Opening Balance		4,08,56,688	4,08,56,688
Add : Accrued during the year		2,09,09,404	2,09,09,404
Less : Received during the year		27,56,292	27,56,292
Closing Balance		5,90,09,800	5,90,09,800
<u>Reimbursement of salary and other employee benefit</u>			
Opening Balance		10,08,561	10,08,561
Add: Reimbursement bill received during the year		2,01,53,778	2,01,53,778
Less : Payment during the year		2,01,02,339	2,01,02,339
Closing Balance		10,60,000	10,60,000
<u>Interest Received</u>		2,32,38,804	2,32,38,804
<u>Rent Paid</u>		36,96,000	36,96,000
<u>Insurance</u>		20,366	20,366
<u>Salary Paid to KMPs during the year</u>			
MD & CEO	50,96,942		50,96,942.00
Company Secretary	7,30,930		7,30,930
Chief Financial Officer	26,57,487		26,57,487.00



[illegible]

Awards and Accolades 2018 - 19

- ◆ SBI Pension Funds Private Limited was adjudged Silver Award Winner as the Pension Manager of the year 2019 by Outlook Money.

Awards and Accolades over the years

- ◆ SBI Pension Funds Private Limited was adjudged Silver Award Winner as the Pension Manager of the year 2018 by Outlook Money in the year 2019.
- ◆ SBI Pension Funds Private Limited was adjudged winner in the Pension Fund House Category by Outlook Money for the year 2017.
- ◆ SBI Pension Funds Private Limited was adjudged winner in the Best Pension Fund Manager Category by Outlook Money for the year 2016.
- ◆ SBI Pension Funds Private Limited was adjudged winner in the Best Pension Fund Manager Category by Outlook Money for the year 2015.
- ◆ SBI Pension Funds Private Limited was adjudged an award by SKOCH Financial Inclusion (Pensions) - 2013.
- ◆ SBI Pension Funds Private Limited was adjudged an award by SKOCH Corporate Leadership (Pensions) - 2013.
- ◆ SBI Pension Funds Private Limited was adjudged 'Pension Fund of the Year' for excellence in performance and customer service (to subscribers) by the Indian Pension Fund Congress 2012.



SBI Pension Funds Private Limited

CIN - U66020MH2007GOI176787

No. 32, 3rd Floor, Maker Chamber-III, Nariman Point, Mumbai - 400 021.

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

e-mail : cs@sbipensionfunds.com