



**SBI Pension Funds Private Limited**

*Future Secure*



**12<sup>TH</sup> ANNUAL REPORT**  
2019-20

# Board of Directors

As on 30th June, 2020



**Shri Dinesh Kumar Khara**  
Chairman



**Shri Narayanan Sadanandan**  
Managing Director & CEO



**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 (till 23<sup>rd</sup> April, 2020)

Shri Venkata Ratnam Vakacharla (w.e.f. 24<sup>th</sup> April, 2020)

**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

**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, 3<sup>rd</sup> Floor, Maker Chambers III,

Nariman Point,

Mumbai - 400 021.

Tel. : 022 - 4214 7100

Fax.: 022 - 4214 7113

Website : [www.sbipensionfunds.com](http://www.sbipensionfunds.com)





**SBI Pension Funds Private Limited**  
**Twelveth Annual Report**  
**2019 - 2020**

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**Directors' Report**

To,  
The Members,  
SBI Pension Funds Private Limited

The Directors have pleasure in presenting the Twelveth Annual Report together with the financial statements of your Company for the financial year ended 31<sup>st</sup> March, 2020.

**Financial Performance: -**

The highlights of the financial results of the Company for the financial year ended 31<sup>st</sup> March, 2020 are as under:

(Rs. In lacs)

Description	Current Financial Year (2020)	Previous Financial Year (2019)
Revenue from Operations	1,450.55	1,038.14
Other Income	241.59	236.47
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	379.37	273.56
Less: Depreciation/ Amortisation/ Impairment	61.72	8.37
Profit /loss before Finance Costs, Exceptional items and Tax Expense	317.65	265.19
Less: Finance Costs	9.46	-
Profit /loss before Exceptional items and Tax Expense	308.19	265.19
Add/(less): Exceptional items	-	-
Profit /loss before Tax Expense	308.19	265.19
Less: Tax Expense (Current & Deferred)	79.97	76.53
Profit /loss for the year (1)	228.21	188.66
Total Comprehensive Income/loss (2)	-	-
Total (1+2)	228.21	188.66
Balance of profit /loss for earlier years	838.70	650.04
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	1,066.91	838.70

**Method of Accounting: -**

The Company has adopted Indian Accounting Standards (IND AS) for the financial year ending 31<sup>st</sup> March 2020. Accordingly, effective from 01<sup>st</sup> April 2019, the company has adopted IND AS 116, Leases and applied the standard to Long term Lease contract existing on 01<sup>st</sup> April 2019.



**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. 01<sup>st</sup> November, 2012, Pension Fund Managers are required to maintain minimum positive Net Worth of Rs. Twenty-Five(25)crores.

However, PFRDA vide PFRDA (Pension Fund) (Second Amendment) Regulations, 2020 dated 04<sup>th</sup> February, 2020 requires the Pension Fund to achieve minimum tangible net worth of Rs. Fifty crore (50)crores or such higher amount. The timelines to achieve the same would be for a period of 6 months post selection of Pension Funds based on the fresh Request For Proposed issued by the PFRDA.

The Net Worth of your Company as on 31<sup>st</sup>March,2020 stood at Rs 40.67 crores.

**Share Capital:-**

The Authorized Share capital of your Company stood at Rs. 100 crores as on 31<sup>st</sup>March, 2020. The issued, subscribed and paid-up share capital of your Company stood at Rs. Thirty (30)crores comprising of Three (3)crores equity shares of Rs.10/- each fully paid.

The shareholding pattern is as under: -

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

\* Shareholding alongwith its nominees

During the financial year under review, your Company had not issued any equity/ preference shares or any securities which carry a right or option to convert such securities into shares, equity shares with differential rights, sweat equity shares, warrants, debentures, bonds or any non-convertible securities or employee stock options.

There was no reduction of share capital or buy back of shares, change in the capital structure resulting from restructuring, change in voting rights or re-classification or sub-division of the authorized share capital.

**Subsidiaries, Associates and Joint Venture Companies: -**

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

**Dividend:-**

The Company has posted a Profit After Tax of Rs. 228.21 Lacs for the financial year ended 31<sup>st</sup> March, 2020. The Board of Directors of your Company, after considering the future requirements of capital by the Company, has decided that it would be prudent, not to recommend any dividend for the year under review.

**Amount to be carried forward to Reserves: -**

The Board of Directors of your Company has decided not to transfer any amount to the Reserves for the year under review. 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 your Company.

PFRDA vide its letter dated 13<sup>th</sup> February, 2019 granted Certificate of Registration and Commencement of Business as Point of Presence (PoP) for NPS and/or other pension schemes. The Company is in advanced stage of NPS Online Portal and likely to make it available for the subscribers in April 2020 (Made available on 3<sup>rd</sup> April 2020 - Corporate model.)

**Recognition & Awards: -**

Your Company has been adjudged, Silver Award Winner, as the Pension Manager of the year 2019 by Outlook Money. Awards by Outlook Money has been adjudged to the Company for the fifth consecutive year in row.

**Economic Environment: -**

Growth in CY19 across the world was muted compared to previous year impacted by trade tension between US and China and fear of hard Brexit. Further, CY20 seems worst hit; in the wake of corona virus pandemic business sentiment among the world corporate continues to plummet. Major economies in the world are now staring at worst recession in CY20.

The U.S. economy GDP growth slowed to 2.3% in CY19 compared to 2.9% in CY18, primarily reflecting decelerations in non-residential fixed investment and the Personal Consumption Expenditure and a downturn in exports.

Euro Area GDP growth slowed to 1.2% in CY19 as against 1.9% in CY18. Q4CY19 also witnessed slow growth as investments and consumer and government spending offset the impact of a sharp rise in imports. France and Italy, the zone's second and third largest economies, as well as Finland and Greece suffered contractions in Q4CY19. GDP growth for Germany and United Kingdom remained flat in Q4CY19. Japan's economy in Q4CY19 shrank at annualized 7.1%, largely due to consumption tax increase. Amid trade dispute with the US, China grew by 6.1% in CY19 compared to 6.6% in CY18.

The entire metal pack saw sell off, especially crude which was impacted most by the Covid-19 outbreak. The prices of Bloomberg commodity was down by 25% in the FY19. Brent is down by 68% in FY20 largely due to fall in demand and price war between Russia and Saudi Arabia.

**Domestic Economy**

**Growth**

India Q3FY20 GDP growth reported at 4.7%, though Q1FY20 and Q2FY20 growth rates were revised up. This led the annual second advance GDP estimate to remain unchanged at 5%, which may be further impacted by lockdown in the month of March 2020. GDP growth worsened to 5.1% in 9MFY20 from 6.3% in 9MFY19. This is largely on account of a sharp deterioration in the performance of Gross Fixed Capital Formation and moderation in the growth of Private Consumption. In all the negative data flows, there was some silver lining in the form of Private consumption seen to be picking up in Q3FY20 at 5.9%,

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

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



for the third consecutive quarter. Even as real GDP growth is seen bottoming, nominal GDP growth is seen recovering more strongly from the series low of 6.4% in Q2FY20 to 7.7% in Q3FY20.

### **Inflation**

Inflation after peaking in Jan 2020 at 7.6% from 3.0% in April 2019 saw decline at 6.6% in Feb 2020. Increase in prices for the financial year 2020 is largely due to food prices and fuel prices. During the same period Core CPI reported declined from 4.6% in April 2019 to 4.1% in Feb 2020, due to both high base and softening of prices in miscellaneous and housing segment. On an average inflation for the period (Apr 2019-Feb 2020) hovered around 4.7% whereas Core CPI average was 4.1%. WPI has declined from 3.2% in the month of Apr 2019 to 2.3% in the month of Feb 2020.

### **Fiscal Deficit**

India YTD FY20 (Apr 2019-Feb 2020) fiscal deficit hit 135.2% of revised Budgeted estimates. The government had raised the fiscal deficit target for FY20 to 3.8% of the GDP from 3.3% pegged earlier, due to an estimated fall in revenue following a cut in corporate tax rate. The government relied on the escape clause in the Fiscal Responsibility and Budget Management Act to expand the fiscal deficit target. Additionally, the Government unveiled Rs 1.7 tn (~0.8% of GDP) package to support weaker sections of the society that are most affected by the lockdown. The shortfall in tax collections along with the fiscal package implies the government might breach the budgeted target in FY20. The government has already conducted additional short term borrowing of over Rs 1.3 tn in the month of March 2020 indicating deteriorating fiscal position in FY20.

### **External Sector**

India's current account deficit (CAD) in 9MFY20 narrowed sharply to USD 22.3 bn (1.0% of GDP) from USD 52.6 bn (2.6% of GDP) in 9MFY19. The decline in CAD was driven primarily by a reduction in the merchandise trade deficit to USD 118.9 bn for 9MFY20 from USD 145.1 bn in 9MFY19. The capital account balance declined considerably to USD 22.1 bn for 9MFY20 from USD 52.6 bn 9MFY19. The net foreign investment witnessed net FDI (USD 32.1 bn) and FPI (USD 15.1 bn) inflows both witnessed uptick in 9MFY20. On a balance of payment basis, the country's forex reserves saw net accretion of a robust USD 40.7 bn in the 9MFY20. Fall in crude prices due to outbreak of corona virus and constrained demand for gold is expected to further reduce the CAD in next quarter.

### **Outlook**

The Covid-19 pandemic has injected an unprecedented amount of uncertainty into the global economy, as countries across the world battle growing infections, implement wide-ranging social-distancing strategies and attempt early fiscal interventions to stabilize markets. Goldman Sachs Research economists have cut their CY20 global GDP growth forecast to 1.25%, implying a recession for many G20 countries. Economic contagion is now spreading as fast as the disease itself. In response to the Covid-19 pandemic, various central banks and governments are enacting fiscal and monetary measures to limit the economic impact. G-20 countries have indicated that they would collectively spend more than USD 5 tn (6% of global GDP). The outlook is now heavily contingent upon the intensity, spread and duration of the pandemic.

Financial markets have been highly volatile in this quarter due to the outbreak of COVID-19. Panic sell-offs have resulted in wealth destruction in equity markets across advanced and emerging economies. In the former, flight to safety has pulled down



government bond yields to record lows. In the current market dollar is the only currency which remains safe haven for the investors. In India itself Foreign Portfolio Investors (FPI) have sold around USD 15 bn in the month of March 2020. Central Banks across the world are taking steps some of which have been unconventional to avoid illiquidity in the financial markets.

RBI refrained from providing any outlook for growth and inflation in the midst of uncertainty around lockdown caused by Covid-19. RBI announced series of policy measures as expected in line with its global peers. The MPC advanced its policy meeting and cut the repo rate by 75 bps to 4.4%. It also widened its policy corridor to 65 bps with the reverse repo rate now at 4% (90 bps cuts). The RBI also undertook measures which will directly infuse liquidity of Rs. 1.37 tn and have potential to infuse total liquidity worth Rs 3.74 tn:

- Introduction of Targeted LTRO (TLTRO) auctions of up to three-year tenor for a total amount of Rs 1 tn which would need to be deployed in CPs, investment-grade corporate bonds and NCDs; investments under this facility will be classified as held to maturity (HTM) even in excess of the permissible 25% of total investment and exempted from large exposures framework. Additionally, Rs. 50000 cr has to be bought from secondary market which is expected to bring down the spreads for corporate bonds.
- Reducing CRR by 100 bps to 3% for one year will directly infuse liquidity worth Rs 1.37 tn, and reducing the requirement of minimum daily CRR balance maintenance from 90% to 80% (available up to June 26, 2020).
- Raising MSF to 3% of SLR from 2% which will remain applicable until June 30, 2020, has potential to increase liquidity by Rs. 1.37 tn.

Government has announced significant rate cuts for small savings schemes, with the PPF (Public Provident Fund) seeing a reduction of 80 bp from 7.9% to 7.1%. While this might have a positive impact on market sentiment, the actual impact on fiscal might be adverse since the collection through small savings is budgeted at Rs 2.4 tn. The Government announced fiscal package of Rs 1.7 tn (0.8% of GDP) which is lower compared to 10% of GDP announced by US Government, hence we expect more announcement in coming days. The shortfall in tax collections along with the fiscal package implies the government might breach the budgeted target in FY21 and FY20. The government has already conducted additional short term borrowing of over Rs 1.3 tn in the month of March 2020 indicating deteriorating fiscal position in FY20. Along with higher WMA limits and higher T-bill borrowing, the government clearly intends to finance the shortfall through short term borrowings. The borrowing calendar indicates that government might not have accounted for the fiscal impact due to the virus outbreak in its H1FY21 borrowing. Hence, market participants will closely watch RBI's role in financing the deficit, since the risks of higher issuances in the second half will be elevated.

RBI also introduced the Fully Accessible Route (FAR) for investment for specified securities by non-residents in government bonds in this month. Although this will open up the domestic bond market to foreign investors, we see limited impact on the domestic bond market in the short term and the actual index inclusion along with meaningful flows might still be a few months away.

The benchmark 10 year which traded below 6% for a brief period post monetary policy is back to around 6.25% levels after RBI came out with borrowing calendar. We expect going forward the Gsec will trade under the fear of fiscal and higher supply risk. Atleast in the first quarter of the FY21 we expect steeping of yield curve largely on uncertainty

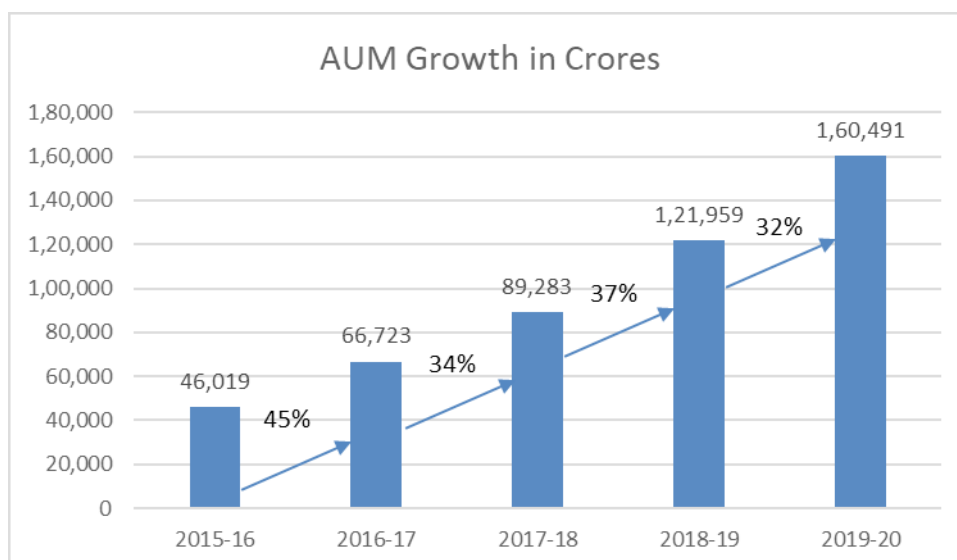


around fiscal and higher supply from Central Government and State Development Loans. The spreads for Corporate bonds are expected narrow given the demand created by Banks through TLTRO.

The FY20 started with optimism when BJP emerged as the single largest party with 303 seats. It was a remarkable victory for an incumbent. The markets though remained in check due to concerns around US China trade wars, domestic growth and the patchy monsoon. With concerns over flagging economy Finance Minister announced large tax rate cuts for corporates this was followed by US China trade war deescalating and in sync with global markets and buoyed by positive reform developments, Indian equities continued to rally. But as we entered 2020 the Corona virus had caused increasing global concerns with rising cases and deaths. As the corona virus continues its march around the world resulting in short-term disruptions, there is a remarkable shift in global and domestic macro fundamentals. We believe the lockdown will hit both the manufacturing and services sector in India and amplify slowdown of India's GDP growth. Further, the imminent risk of global recession would dent the prospects of emerging markets including India. On the positive side, adverse impact on economy could partly get offset through lower crude oil prices (either higher consumption demand or higher government expenditure). Also, inflation trajectory and overall external balance could be favorable for India in FY21E. Valuation of India's equity market are now at ~15.3x FY20E and 13.7x FY21E. (-1SD of 10 years average is at 15.2x). Considering the potential threat to GDP growth, FY21 & FY22 earnings could be at big risk. Hence, valuations which look optically lower today could gradually move higher in light of the potential risk to future earnings. One also needs to keep in mind that volatility is going to remain for some time as we are not out of the woods. The threat of earnings cut will be a big hangover on the market in coming few months. In these panic like falls it is difficult to fathom the bottom but given the favorable risk-reward situation we need to take a long-term view and remain positive.

#### **Schemes Performance: -**

- Your Company closed the fiscal with AUM of Rs. 1,60,491/- crores representing a growth of 32% over the previous fiscal, to retain lead position amongst Pension Fund Managers (7Nos) in terms of market share 34.73% of total AUM for the Government Sector and 57.55 % 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, your Company has formulated a Comprehensive policy to protect the subscribers' interest. 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 <sup>st</sup> March, 2020	AUM as on 31 <sup>st</sup> March, 2019
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme E - Tier I	2,511.9	2,421.64
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme E - Tier II	102.61	101.58
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme C - Tier I	2,201.32	1,557.26
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme C - Tier II	90.02	68.11
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme G - Tier I	4,294.90	2,851.19
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme G - Tier II	143.53	92.60
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme A - Tier I	8.65	4.47
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme State Govt.	72,542.49	53,946.41
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme Central Govt.	48,832.59	38,453.66
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme NPS Lite	1,544.13	1,411.57
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme Corporate CG	24,604.09	18,709.21
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme Atal Pension Yojana	3,615.28	2,341.31
<b>Total</b>	<b>1,60,491.54</b>	<b>1,21,959.01</b>



- 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*	-25.02%	-25.56%	6.20%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme E - Tier II	NIFTY 100 TRI*	-25.27%	-25.56%	5.69%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme C - Tier I	NPS - Corporate Bond Index	11.16%	11.73%	10.53%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme C - Tier II	NPS - Corporate Bond Index	10.51%	11.73%	10.14%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme G - Tier I	NPS - Govt. Securities Index	14.82%	15.64%	10.05%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme G - Tier II	NPS - Govt. Securities Index	14.38%	15.64%	10.09%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme A - Tier I	NPS - Corporate Bond Index	6.43%	11.73%	7.65%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme State Govt.	NPS - Govt. Pattern Index	8.62%	7.72%	9.47%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme Central Govt.	NPS - Govt. Pattern Index	8.32%	7.72%	9.82%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme NPS Lite	NPS - Govt. Pattern Index	7.48%	7.72%	9.98%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme Corporate CG	NPS - Govt. Pattern Index	8.52%	7.72%	9.55%
NPS Trust - A/c SBI Pension Funds Private Limited - Scheme Atal Pension Yojana	NPS - Govt. Pattern Index	9.00%	7.72%	8.73%

\*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 31<sup>st</sup> 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. 1.63 crores for the Financial Year 2019-20 which has impacted the profitability of your company.



During the year, the fresh inflow of Rs. 21,772.63 crores coupled with accruals and net of appreciation on account of market valuation took the total AUM under Government Sector NPS to Rs. 1,21,375 crores with a market share of 34.73%(Rs.3,49,514crores). Under the Private Sector NPS (including NPS Lite), the fresh inflows of Rs. 8, 734.63 crores., accruals and net of appreciation took the AUM to Rs. 39,116 crores with a market share of 57.55%(Rs. 67,965crores). Overall your company has recorded a growth of 32% in its AUM during the year, which increased from Rs. 1,21,959 crores to Rs. 1,60,491crores. Overall market share of your Company remained at 38%.

The year under review had witnesses highest ever inflows of Rs. 30,507.26 crores since the inception of your Company. Further, with the existing minuscule fee structure, your Company posted operating profit for the third time its inception.

### **Risk Management:-**

In terms of the provisions of Section 134 (3) (n) of the Companies Act, 2013 and also in compliance with 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 entered by the Company with NPS Trust, a comprehensive Board approved Risk Management Policy aligned with the SBI Group Risk Management Policy is in place which is reviewed at half-yearly intervals by the Board of Directors. 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 are 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 downgrade of Corporate bonds held under various schemes of NPS. 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 periodically reviews the Risk Management Policy, procedures & process and functions of the Company. It also reviews the performance of various schemes managed by the company at quarterly intervals.

### **Board of Directors:-**

The Board of Directors of your Company oversees the business and operations of the Company. Your Company has an optimum combination of Non-Independent and



Independent Directors. As on 31<sup>st</sup> March, 2020, the Board of Directors of your Company comprises of Eight Directors, which include Four Independent Directors (including One Woman Director) and Four Nominee Directors including the Managing Director & CEO.

Shri Kumar Sharadindu (DIN: 07341455) resigned as the Managing Director & CEO of your Company from the close of business hours of 31<sup>st</sup> July, 2019 due to his superannuation from State Bank of India, Holding Company. Shri Mahesh Mehrotra (DIN: 00016768), Independent Director of the Company resigned from the Directorship of your Company from the close of business hours of 24<sup>th</sup> December, 2019 due to completion of his tenure and he 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 Sharadindu and Shri Mehrotra during their association with your Company.

In place of Shri Sharadindu, Shri Narayanan Sadanandan was appointed as the Managing Director & CEO of your Company w.e.f. 01<sup>st</sup> August, 2019 for a period of 2 years or till further orders whichever is earlier.

Shri C.M. Dixit (DIN: 00524318) was appointed as the Additional Director (Non-Executive and Independent) of your Company w.e.f. 17<sup>th</sup> July, 2019 to hold office upto the date of the Annual General Meeting (AGM). The Members in the AGM held on 24<sup>th</sup> December, 2019 appointed Shri Dixit for a period of 3 years with effect from 17<sup>th</sup> July, 2019.

In the opinion of the Board, Shri C.M. Dixit is a person of Integrity and possesses the relevant expertise and experience (including the proficiency) and fulfills the conditions specified in the Companies Act, 2013 for appointment as an Independent Director.

The Members in the AGM held on 24<sup>th</sup> December, 2019 re-appointed Shri V.K. Gupta (DIN: 00023101) and Prof. Gitika Kapoor (DIN: 01815183), Independent Directors of your Company for a further period of 3 years.

**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, your Company has appointed Independent Directors.

The Independent Directors of your Company on a voluntary basis 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.

The above declaration also states that they have complied with sub rule (1) and sub rule (2) of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 with respect to inclusion of their name in the databank of the Indian Institute of Corporate Affairs at Manesar and has also filed an application for the renewal.

**Statement on Non-disqualification of Directors: -**

All the Directors of your 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: -**

During the year under review, Shri Kumar Sharadindu resigned as the Managing Director & CEO of the Company from the close of business hours of 31<sup>st</sup> July, 2019 due to his superannuation from State Bank of India, Holding Company.





In place of Shri Sharadindu, Shri Narayanan Sadanandan was appointed as the Managing Director of your Company w.e.f. 01<sup>st</sup> August, 2019.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Shri Narayanan Sadanandan, Managing Director, Shri Ashish Patnaik, Chief Financial Officer and Shri Tejas Mehta, Company Secretary are designated as the “Key Managerial Personnel” of your Company during the close of the financial year under review.

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

**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;
- (ii) they 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 31<sup>st</sup> March, 2020 and of the profit of the Company for that period;
- (iii) they 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) they had prepared the annual accounts on a going concern basis for financial year 2019-20;
- (v) they 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) they 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, Six (6) meetings of the Board of Directors of your Company were held on the said dates i.e. 19<sup>th</sup> April, 2019, 17<sup>th</sup> July, 2019, 05<sup>th</sup> September, 2019, 14<sup>th</sup> October, 2019, 24<sup>th</sup> December, 2019 and 13<sup>th</sup> January, 2020.

**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 your 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 and Risk Management Committee of the Company.



**Committees: -**

**1) Audit Committee: -**

In terms of the provisions of Section 177 of the Companies Act, 2013, your Company has in place an Audit committee of the Board of Directors of the Company.

The Audit Committee of the Board of Directors of your Company comprises of the following Members at the beginning of the financial year under review:

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

The Audit Committee of the Board of Directors of your Company was re-constituted during the financial year 2019-20 on 05<sup>th</sup> September, 2019 by inducting Shri C.M. Dixit, Independent Director of the Company. Shri Mahesh Mehrotra, ceased to be a Member of the Audit Committee of the Company consequent upon his resignation as an Independent Director of your Company from the close of business hours of 24<sup>th</sup> December, 2019.

After reconstitution, the Audit Committee of the Board of Directors of your Company comprises of the following Members at the end of the financial year under review:

- (i) Shri C.M. Dixit, Independent Director
- (ii) Shri Vijay Kumar Gupta, Independent Director
- (iii) Prof. Gitika Kapoor, Independent Director

During the financial year under review, Six (6) meetings of the Audit Committee of the Board of Directors of your Company were held on 19<sup>th</sup> April, 2019, 17<sup>th</sup> July, 2019, 05<sup>th</sup> September, 2019, 13<sup>th</sup> October, 2019, 24<sup>th</sup> December, 2019 and 13<sup>th</sup> January, 2020.

During the financial year 2019-20, there were no instances where the recommendations made by the Audit Committee were not accepted by the Board.

**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 your Company comprises of the following Members at the beginning of the financial year under review:

- (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

The Investment Committee of your Company comprises of the following Members at the end of the financial year under review:

- (i) Shri Vijay Kumar Gupta, Independent Director
- (ii) Prof. Gitika Kapoor, Independent Director
- (iii) Shri Narayanan Sadanandan, Managing Director & CEO
- (iv) Shri Anil Kini, Chief Investment Officer (Interim)

During the financial year under review, four (4) meetings of the Investment Committee of your Company were held on 19<sup>th</sup> April, 2019, 17<sup>th</sup> July, 2019, 13<sup>th</sup> October, 2019 and 13<sup>th</sup> January, 2020.

### 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 of the Company 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 examine and determine the sufficiency of the Company's internal process for reporting on and managing key risk areas;
- to draw, implement and periodically review the Risk Policy;
- to review issues raised by Internal Audit that impact the risk management framework;
- 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 at the beginning of the financial year under review:

- (i) Shri Mahesh Mehrotra, Independent Director
- (ii) Shri Saurabh Chandra, Independent Director
- (iii) Shri Kumar Sharadindu, Managing Director & CEO



- (iv) Shri Sujesh T.V., Chief Investment Officer
- (v) Shri Ram Sushil Singh, Chief Risk Officer

The Risk Management Committee of your Company was re-constituted during the financial year 2019-20 on 05<sup>th</sup> September, 2019 by inducting Shri C.M. Dixit, Independent Director of the Company. Shri Mahesh Mehrotra, ceased to be a Member of the Risk Management Committee of the Company consequent upon his resignation as an Independent Director of your Company from the close of business hours of 24<sup>th</sup> December, 2019.

After reconstitution, the Risk Management Committee of your Company comprises of the following Members at the end of the financial year under review:

- (i) Shri Saurabh Chandra, Independent Director
- (ii) Shri C.M. Dixit, Independent Director
- (iii) Shri Narayanan Sadanandan, Managing Director & CEO
- (iv) Shri Anil Kini, Chief Investment Officer (Interim)
- (v) Shri Ram Sushil Singh, Chief Risk Officer

During the financial year under review, four (4) meetings of the Risk Management Committee of your Company were held on 19<sup>th</sup> April, 2019, 17<sup>th</sup> July, 2019, 13<sup>th</sup> October, 2019 and 13<sup>th</sup> January, 2020.

**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 2019-20 by the Comptroller and Auditor General of India (CAG) pursuant to the provisions of Section 139 (5) of the Companies Act, 2013.

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 2019-20 by the NPS Trust for carrying out audit of the NPS schemes 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 re-appointed as the Internal Auditors for the financial year 2019-20 by the Board of Directors of the Company to conduct the Internal Audit of the Company.

The Company had also appointed M/s. Kochar & Associates, Chartered Accountants (Firm Registration No. 105256W) as the Concurrent Auditor for conducting Concurrent audit of NAV declaration for the financial year 2019-20 to comply with PFRDA's circular on Mandatory Concurrent audit of NAV declaration to be done by an external auditor. The Auditor clearly certifies 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.



The Company had also re-appointed M/s. SWM & Associates, Chartered Accountants (Firm Registration No. 137336W) for the financial year 2019-20 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.

**Auditors Reports: -**

There are no qualifications, reservations or adverse remarks 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: -**

During the year under review, the Statutory Auditors of the Company have not reported any fraud to the Audit Committee/ Board of Directors of the Company and the Central Government pursuant to the provisions of Sections 134 and 143 of the Companies Act, 2013.

**Internal Financial Controls: -**

The Internal Controls are adequate and commensurate with the size and scale of the operations of your Company. These controls operate through well documented standard operating procedures, policies, process and guidelines that are designed to provide reasonable assurance to the management of the reliability of financial information and compliance to Operating and Statutory/Regulatory requirements. The Internal Controls are routinely tested and certified by the Internal as well as the Statutory Auditors of your Company. 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, your 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, your 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 2019-20, no significant and material orders were passed by any regulators, courts and tribunals that had impacted the going concern status and Company's operations in future.



**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.

**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. Disclosures pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, are not applicable to your Company during the year under review.

**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 year under review with related parties were in the 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 provisions relating to constituting Nomination & Remuneration and Stakeholders Relationship Committee pursuant to Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 is not applicable to your Company.
- b. The provisions relating to establishment of Vigil Mechanism pursuant to Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 is not applicable to your Company.
- c. The provisions relating to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to your Company.
- d. The provisions relating to Corporate Social Responsibility pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable to your Company.
- e. The provisions relating to maintaining cost records pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 is not applicable to your Company.
- f. The provisions relating to annual evaluation of the performance of the Board, its Committees and of individual directors pursuant to Section 134 (3) (p) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is not applicable to your Company.
- g. The provisions relating to transfer(s) to Investor Education and Protection Fund (IEPF) pursuant to Section 125 of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 is not applicable to your Company.
- h. During the year, the Company has given Guarantees of Rs. 90.00 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 31<sup>st</sup> March,



2020 total outstanding guarantees are Rs. 410 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 31<sup>st</sup> March, 2020 is Rs. 430 Lakhs.

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

The Company has in place a Policy for Prevention of Sexual Harassment of Women at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The aim is to provide safe and conducive work environment for the women employees to enable them to work without fear, prejudice, gender bias and sexual harassment.

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

**Secretarial Standards issued by ICSI**

Your Company is in Compliance with the applicable Secretarial Standards 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, KFinTech 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 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 : 23<sup>rd</sup> April, 2020

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 <sup>st</sup> August, 2016 to 31 <sup>st</sup> July, 2019) & ( 01.08.2019 to 31.07.2022)	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 upto 31.07.2019 and Rs. 354200/- per month from 01.08.2019	No
2		Reimbursement of expenses towards deputation of employees	Ongoing		Rs. 2,39,05,130/- (Including GST)	No
3	SBI General Insurance	Insurance of Fixed Assets	Annually		Rs. 19,333/-	No





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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.16,26,57,377/-	No
5	State Bank of India	Interest on Fixed Deposits earned for the year	Ongoing		Rs. 2,37,76,159/-	No

**For and on behalf of the Board**

**Place : Mumbai**  
**Dated : 23/04/2020**

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



## INDEPENDENT AUDITOR'S REPORT

To

The Members of SBI PENSION FUNDS PRIVATE LIMITED

## REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

### OPINION

1. We have audited the accompanying standalone Ind AS financial statements of SBI Pension Funds Private Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of 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 standalone Ind AS 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 March 31, 2020, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### BASIS FOR OPINION

2. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 ('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.

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

3. The Company's Board of Directors is responsible for the preparation of the other information, comprising of the information included in the Management Discussion and Analysis, Directors' Report including Annexures to Directors' Report, Corporate Governance and such other disclosures related Information, excluding the standalone Ind AS financial statements and auditors report thereon ('Other Information'). The



other information is expected to be made available to us after the date of this auditors' report. Our opinion on the standalone Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'.

#### **RESPONSIBILITY OF MANAGEMENT FOR STANDALONE IND AS FINANCIAL STATEMENTS**

4. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under prescribed 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; 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements



Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 standalone Ind AS 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.
- 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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

5. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
6. 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B".
  - g. In terms of provisions of Section 197(16) of the Act, as per the information and explanations given, we report that the managerial remuneration paid by the Company to its Directors is in accordance with provisions of Section 197 of the Act.



- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, we report as under:
- (i) The Company does not have any pending litigations as at 31 March 2020 which would impact its financial position;
- (ii) The Company did not have any long-term contracts including derivative 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.

		<b><u>Remark</u></b>
I.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	<b>Yes.</b> <b>If accounting process is outside IT system, integrity and reliability of accounting system would be jeopardized since there is no maker / checker concept in manual accounting.</b>
II.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	<b>N.A.</b>
III.	Whether funds received/receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	<b>N.A.</b>

**For Pradhan Phadke & Associates**  
Firm registration no. 108035W  
Chartered Accountants

**Chirag R. Raut**  
Partner  
Membership No. 161067  
UDIN: 20161067AAAAAM9081

Place: Mumbai  
Date: April 23rd 2020



**ANNEXURE “A” : THE INDEPENDENT AUDITOR’S REPORT**

To

The Members of SBI PENSION FUNDS PRIVATE LIMITED

[Referred to in paragraph (5) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date]

- i. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of physical verification is reasonable.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no immovable property in the name of the company.
- 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 or provided any guarantees or securities covered under sections 185 and 186 of the Act and in respect of investments made by the company, provisions of section 186 has been complied with.
- 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 2020 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.
- ix. 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.
- x. 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.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.
- xii. 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.
- xiii. 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.

- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable.
- xv. 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.
- xvi. The Company is a pension fund 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**  
Firm registration no. 108035W  
Chartered Accountants

**Chirag R. Raut**  
Partner  
Membership No. 161067  
UDIN: 20161067AAAAAM9081

Place: Mumbai  
Date: April 23rd 2020



## **ANNEXURE “B” : THE INDEPENDENT AUDITOR’S REPORT**

To

The Members of **SBI PENSION FUNDS PRIVATE LIMITED**

[Referred to in paragraph (6 (f)) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date]

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS under Clause (i) of Sub-section 3 of Section 143 of (“the Act”)**

We have audited the internal financial controls over financial reporting of SBI Pension Funds Private Limited (“the Company”) as at March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### **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.

## **OPINION**

In our opinion considering the nature and size of the operations, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal



## **Annual Report 2019-20**

control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For Pradhan Phadke & Associates**

Firm registration no. 108035W

Chartered Accountants

**Chirag R. Raut**

Partner

Membership No. 161067

UDIN: 20161067AAAAAM9081

Place: Mumbai

Date: April 23rd 2020



**Compliance Certificate**

We have conducted the audit of the accounts of SBI Pension Funds Private Limited for the year ended 31st March, 2020 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: 20161067AAAAAN2001

Place: Mumbai  
Date: 23/04/2020



**TO WHOMSOEVER IT MAY CONCERN**

This is to certify that, the Net worth Statement of **M/s. SBI PENSION FUNDS PRIVATE LIMITED** having CIN: **U66020MH2007GOI176787**, registered address at SBI Pension Funds (P) Limited, Maker chambers III, Nariman Point, Mumbai City- 400021, Maharashtra, India as on 31<sup>st</sup> March, 2020, as per below mentioned statement of computation of networth is **₹. 40,66,91,596/- (Rupees Fourty Crores Sixty Six Lakhs Ninety One Thousand Five Hundred and Ninety-Six only).**

**Computation of networth as on 31/03/2020**

Particulars	Amount (in ₹)	Amount (in ₹)
Share Capital	30,00,00,000/-	
Reserves & Surplus	10,66,91,596/-	
<b>NET ASSETS / NETWORTH</b>	<b>-----&gt;</b>	<b>40,66,91,596/-</b>

The above statement is prepared on specific request of client and based on the records and documents produced before us for verification.

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

Sd/-  
**CA Chirag Raut**  
Partner  
Membership No. 161067  
UDIN: 20161067AAAAAN2001

Place: Mumbai  
Date: 23/04/2020



**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 2020**

The preparation of financial statements of SBI Pension Funds Private Limited for the year ended 31 March 2020 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 23 April 2020.

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

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of SBI Pension Funds Private Limited for the year ended 31 March 2020 under section 143(6)(a) of the Act.

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



(P V Hari Krishna)

Principal Director of Audit (Shipping), Mumbai

Place : Mumbai  
Date : 25/06/2020



Balance Sheet as at 31<sup>st</sup> March, 2020

Amount in 000

	Particulars	Note No	As at March 31, 2020	As at March 31, 2019
	<b>ASSETS</b>			
<b>1</b>	<b>Financial Assets</b>			
(a)	Cash and cash equivalents	2	78,031	64,003
(b)	Bank Balance other than (a) above	3	1,85,000	2,10,000
(c)	Derivative financial instruments		-	-
(d)	Receivables			
	(I) Trade Receivables	4	43,154	31,131
	(II) Other Receivables		-	-
(e)	Loans		-	-
(f)	Investments	5	10	10
(g)	Other Financial assets	6	77,746	60,353
			<b>3,83,941</b>	<b>3,65,497</b>
<b>2</b>	<b>Non-financial Assets</b>			
(a)	Inventories		-	-
(b)	Current tax Assets (Net)		16,200	11,272
(c)	Deferred Tax Assets (Net)	7		198
(d)	Investment Property		-	-
(e)	Biological assets other than bearer plants		-	-
(f)	Property, Plant and Equipments	8	15,048	4,367
(g)	Capital Work-in-Progress		-	-
(h)	Intangible assets under development		-	-
(i)	Goodwill		-	-
(j)	Other Intangible assets	8	6,989	273
(k)	Other non-financial assets	9	6,699	8,318
			<b>44,936</b>	<b>24,428</b>
	<b>Total Assets</b>		<b>4,28,878</b>	<b>3,89,925</b>





	<b>LIABILITIES AND EQUITY</b>			
	<b>LIABILITIES</b>			
<b>1</b>	<b>Financial Liabilities</b>			
(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	1,787	1,316
	(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	14,054	1,381
			<b>15,842</b>	<b>2,697</b>
<b>2</b>	<b>Non-financial Liabilities</b>			
(a)	Current tax liabilities (Net)		-	-
(b)	Provisions	12	3,733	1,769
(c)	Deferred Tax Liabilities (Net)		387	-
(d)	Other non-financial liabilities	13	2,225	1,589
			<b>6,345</b>	<b>3,358</b>
<b>3</b>	<b>EQUITY</b>			
(a)	Equity Share Capital	14	3,00,000	3,00,000
(b)	Other Equity	15	1,06,691	83,870
			<b>4,06,691</b>	<b>3,83,870</b>
	<b>Total Liabilities and Equity</b>		<b>4,28,878</b>	<b>3,89,925</b>

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 : 23/04/2020

**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, 2020

Amount in 000

Particulars	Note No	For the Quarter Ending March 31, 2020	For the Quarter Ending March 31, 2019	For the year ending March 31, 2020	For the year ending March 31, 2019
<b>I Revenue from Operations</b>					
(i) Interest Income				-	-
(ii) Dividend Income				-	-
(iii) Fee and commission income	16	39,957	28,825	1,45,055	1,03,814
(iv) Net gain on fair value changes				-	-
<b>I Total Revenue From Operations</b>		<b>39,957</b>	<b>28,825</b>	<b>1,45,055</b>	<b>1,03,814</b>
<b>II Other Income</b>	17	7,134	6,464	24,159	23,647
III Profit on Sale of investment				-	-
<b>IV Total Income (I+II+III)</b>		<b>47,091</b>	<b>35,289</b>	<b>1,69,214</b>	<b>1,27,461</b>
<b>V Expenses</b>					
(i) Finance Costs		236	-	946	-
(ii) Net loss on fair value changes		-	-	-	-
(iii) Impairment of financial instruments		-	-	-	-
(iv) Employee benefit Expenses	18	7,963	6,346	31,619	22,902
(v) Depreciation and amortisation	8	1,823	216	6,173	837
(vi) Other Expenses	19	29,384	19,937	99,657	77,202
<b>V Total Expenses</b>		<b>39,406</b>	<b>26,499</b>	<b>1,38,395</b>	<b>1,00,942</b>
VI Profit before exceptional items and tax (IV-V)		7,685	8,790	30,819	26,520
VII Exception items				-	-
<b>VIII Profit before tax (VI-VII)</b>		<b>7,685</b>	<b>8,790</b>	<b>30,819</b>	<b>26,520</b>
IX Tax Expense					
(1) Current tax		1,389	1,919	7,412	6,687
(2) Deferred tax	0	167	-	585	966
<b>IX Net Tax Expense</b>		<b>1,555</b>	<b>1,919</b>	<b>7,997</b>	<b>7,653</b>
<b>X Profit for the Period</b>		<b>6,130</b>	<b>6,872</b>	<b>22,822</b>	<b>18,866</b>
XI Other Comprehensive Income				-	-
<b>XII Total Comprehensive Income for the period (X+XI)</b>		<b>6,130</b>	<b>6,872</b>	<b>22,822</b>	<b>18,866</b>
(Comprising Profit/(loss) and Other Comprehensive Income/(Loss) for the period)					
XIII Earnings per equity share	20				
Equity Share of par value ₹ 10/- each					
(1) Basic		0.20	0.23	0.76	0.63
(2) Diluted		0.20	0.23	0.76	0.63

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 : 23/04/2020

**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 31<sup>st</sup> March, 2020

Amount in 000

Particulars	For the Quarter Ending March 31, 2020	For the Quarter Ending March 31, 2019	For the year ending March 31, 2020	For the year ending March 31, 2019
<b>1. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax	7,685	8,790	30,819	26,520
<b>Adjustments for</b>				
Loss on sale of Fixed Assets	-	-	-	27
Depreciation	1,823	216	6,173	837
Other Income	-7,134	-6,461	-24,158	-23,600
Assets Written off		14		14
Interest on Lease Liability	236	-	946	-
<b>Operating profit before working capital changes and adjustments for Interest paid, Interest received and dividend received</b>	<b>2,610</b>	<b>2,559</b>	<b>13,780</b>	<b>3,797</b>
<b>Adjustment for</b>				
(Increase)/Decrease in Trade Receivable	-2,353	-2,200	-12,023	-7,871
(Increase)/Decrease in Other Financial Assets	-4,258	-16,410	-6,122	-17,694
(Increase)/Decrease in Other Non Financial Assets	11,275	24,466	-14,581	-4,282
Increase/(Decrease) in Other Payables	357	164	471	103
Increase/(Decrease) in Other Financial Liabilities	3,315	585	3,969	389
Increase/(Decrease) in Provisions	404	-934	1,963	-783
Increase/(Decrease) in Other Non Financial Liabilities	619	455	637	435
<b>Cash used in operations</b>	<b>11,970</b>	<b>8,685</b>	<b>-11,905</b>	<b>-25,905</b>
Taxes paid	1,389	1,919	7,412	6,687
<b>Net cash used in Operating Activities</b>	<b>10,582</b>	<b>6,766</b>	<b>-19,317</b>	<b>-32,592</b>
<b>2. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Interest Received	7,134	6,461	24,158	23,600
Increase/Decrease in Fixed Deposits	57,450	45,950	25,000	23,100
Purchase of Tangible & Intangible Assets	-3,990	-155	-11,747	-2,778
Sale of Tangible & Intangible Assets	0	0	0	1
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>60,594</b>	<b>52,256</b>	<b>37,412</b>	<b>43,923</b>
<b>3. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Principal Portion of Rental Payments	-1,063	-	-4,066	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>-1,063</b>	<b>0</b>	<b>-4,066</b>	<b>0</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>70,113</b>	<b>59,022</b>	<b>14,029</b>	<b>11,331</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7,918	4,980	64,003	52,671
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<b>78,031</b>	<b>64,003</b>	<b>78,031</b>	<b>64,003</b>

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 : 23/04/2020

**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 2020

Amount in 000

A.	Equity Share Capital Particulars	As at March 31st, 2020		As at March 31st, 2019	
		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, 2019	83,870	83,870	83,870
Add:	-		
Profit for the Period	22,821	22,821	22,821
Balance as at March 31, 2020	1,06,691	1,06,691	1,06,691



**Notes to the Financial Statement for the year ended 31<sup>st</sup> March, 2020**

**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 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 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.

**b. Adoption of New Accounting Standard effective from 1st April 2019- IND AS 116 on Accounting of Leases**

W.e.f 01.04.2019, new standard on Leases came into effect which replaces IND AS 17. Accordingly, company has identified the Lease arrangements which are to be classified as Right to Use. Short Term Lease Arrangements are not considered under this standard.

As a result, Lease agreements having long term, will be identified for IND AS 116 purpose and accordingly accounting treatment will be given as prescribed in IND AS 116

Right to Use to be created as Non-financial Asset at present value for all future Rental Payments.

Lease Liability to be created for the amount equivalent to Right to Use.

Right to Use to be amortised over the period of lease term and to be charged to Profit and loss.

Interest to be calculated on Lease Liability and same to be charged to Profit and Loss as Finance Cost.

**c 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.

**d. 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.



**e. 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.

**f. 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.

**g. 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.



Sr.No.	Particulars	Useful Life
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.

**Intangibles under Development**

Intangible assets which are not put to use but are under development stage, will be accounted as Intangibles under Development.

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

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

**i. 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.

**j. 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.

**k. 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.

**l 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.

**m. 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.

**n. 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.

**o. 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.



**p) 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.



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q. Figures as on 31<sup>st</sup> March 2020 have been regrouped/rearranged wherever necessary to conform to the figures as on 31<sup>st</sup> March 2019.

### For Pradhan Phadke & Associates

Chartered Accountants

FRN: 108035W

Sd/-

CA Chirag Raut

Partner

Mem. No.: 161067

Place: Mumbai

Date: 23/04/2020

### 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

Tejas Mehta  
(Company Secretary)  
PAN- BASPM0817J

Ashish Patnaik  
(Chief Financial Officer)  
PAN-AJSPP1737A



<b>NOTE "2" CASH AND CASH EQUIVALENTS</b>		
<b>PARTICULARS</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>At Amortised Cost</b>		
(a) Balances with banks (in the nature of cash and cash equivalents)	1,431	203
(b) Bank deposits with maturity less than 3 months	76,600	63,800
<b>Total</b>	<b>78,031</b>	<b>64,003</b>
<b>NOTE "3" OTHER BALANCES WITH BANKS</b>		
<b>PARTICULARS</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>At Amortised Cost</b>		
(a) Bank deposits with maturity more than 3 months but less than 12 months	-	
(b) Bank deposits with maturity more than 12 months	1,85,000	2,10,000
<b>Total</b>	<b>1,85,000</b>	<b>2,10,000</b>
<b>NOTE "4" TRADE RECEIVABLES</b>		
<b>PARTICULARS</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>At Amortised Cost</b>		
Receivables considered good - unsecured	43,154	31,131
Less: Allowance for impairment loss	-	-
<b>Total</b>	<b>43,154</b>	<b>31,131</b>
<b>NOTE "5" INVESTMENTS</b>		
<b>PARTICULARS</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Carried at Cost</b>		
Equity Shares of SBI Foundation	10	10
<b>Total</b>	<b>10</b>	<b>10</b>
<b>NOTE "6" OTHER FINANCIAL ASSETS</b>		
<b>PARTICULARS</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>At Amortised Cost</b>		
Receivable from NPS Trust	1,089	-
Security Deposits	2,022	1,343
Interest accrued on Deposits (with maturity less than 12 months)	72,730	2,350
Interest accrued on Deposits (with maturity more than 12 months)	1,905	56,660
<b>Total</b>	<b>77,746</b>	<b>60,353</b>



NOTE "7" INCOME TAXES		
(a) The income tax expense consist of the following		
PARTICULARS	As at March 31, 2020	As at March 31, 2019
At Amortised Cost		
Current tax		
Current tax expense for the period	7,412	6,687
Current tax expense/(benefit) pertaining to prior years	-	-
	7,412	6,687
Deferred tax benefit	-	-
Origination and reversal of temporary differences	585	966
Change in tax rates	-	-
	585	966
<b>Total income tax expense recognised in the period</b>	<b>7,997</b>	<b>7,653</b>

## (b) Deferred Tax Assets

The major components of deferred tax assets and liabilities for the period ended 31st March 2020 are as follows:

PARTICULARS	Opening Balance	Recognized/ (Reversed) through profit and loss	Closing Balance
Deferred Tax Assets:-			
(a) Depreciation on property, plant & equipment	78	-78	-
(b) Unabsorbed loss to be carried forward	120	-120	-
	-	-	-
Deferred Tax Liabilities:-	-	-	-
(a) Depreciation on property, plant & equipment	-	387	387
<b>Net Deferred Tax Asset/ (Liability)</b>	<b>198</b>	<b>-585</b>	<b>-387</b>

Gross Deferred Tax assets and liabilities are as follows

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets:-		
(a) Depreciation on property, plant & equipment	-	78
(b) Unabsorbed loss to be carried forward	-	120
	-	-
Deferred Tax Liabilities:-	-	-
(a) Depreciation on property, plant & equipment	387	-
	-	-
<b>Net Deferred Tax Asset/ Liability</b>	<b>387</b>	<b>198</b>



Notes to the Financial Statements for the period ended 31.03.2020											
8. Property, Plant & Equipments Amount in Thousands ('000)											
Carried at Cost											
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	WDV as on End of Reporting period	WDV as on Last on Reporting period	
<b>8.1</b>	<b><u>Tangible Assets</u></b>										
1	Plant & Machinery	822	-	-	822	524	37	-	261	298	
2	Furniture & fixtures	4,397	-	-	4,397	2,264	230	-	1,903	2,133	
3	Office Equipment	1,306	344	-	1,650	909	160	-	581	397	
4	Electrical Installations	1,954	-	-	1,954	909	103	-	941	1,045	
5	Other (Computer)	2,118	3,023	-	5,141	1,623	432	-	3,085	495	
	SUB TOTAL (A)	10,596	3,367	-	13,963	6,229	963	-	6,771	4,367	
<b>8.2</b>	<b><u>Intangible Assets</u></b>										
		1,904	8,380	-	10,283	1,631	1,663	-	6,989	273	
	SUB TOTAL (B)	1,904	8,380	-	10,283	1,631	1,663	-	6,989	273	
<b>8.3</b>	<b><u>Right of Use Asset</u></b>										
		-	11,824	-	11,824	-	3,547	-	8,277	-	
	SUB TOTAL (C)	-	11,824	-	11,824	-	3,547	-	8,277	-	
	Total [A + B + C] (Current Year)	12,500	23,571	-	36,071	7,860	6,173	-	22,037	4,640	
	Previous Year	10,061	2,778	340	12,500	7,319	837	297	4,640	2,742	





NOTE "9" OTHER NON-FINANCIAL ASSETS		
PARTICULARS	As at March 31, 2020	As at March 31, 2019
<b>At Amortised Cost</b>		
(a) Advance for purchase of Treasury software	-	2,250
(b) Foreign Posting Advance	635	-
(b) Prepaid Expenses	-	-
Other Prepaid Expenses	6,027	5,949
Unamortized interest on Security Deposits	-	-
Shri Prateek Pal	0	6
Sujesh T.V	-	40
Ashish Patnaik	24	50
Ram Sushi Singh	13	22
<b>Total</b>	<b>6,699</b>	<b>8,318</b>
NOTE "10" OTHER PAYABLES		
PARTICULARS	As at March 31, 2020	As at March 31, 2019
<b>At Amortised Cost</b>		
(a) Provision for Expenses	1,787	1,316
<b>Total</b>	<b>1,787</b>	<b>1,316</b>
NOTE "11" OTHER FINANCIAL LIABILITIES		
PARTICULARS	As at March 31, 2020	As at March 31, 2019
<b>At Amortised Cost</b>		
(a) Payables related to Suppliers	5,350	1,361
(b) Liability for Lease Payments	8,704	-
(c) Payable related to Employees	-	20
<b>Total</b>	<b>14,054</b>	<b>1,381</b>
NOTE "12" PROVISIONS		
PARTICULARS	As at March 31, 2020	As at March 31, 2019
<b>At Amortised Cost</b>		
(a) Provision for Gratuity	1,164	667
(b) SBI - Deputies Salary Account	2,486	989
(C) Provision for Leave Encashment	83	112
<b>Total</b>	<b>3,733</b>	<b>1,769</b>



NOTE "13" OTHER NON-FINANCIAL LIABILITIES		
PARTICULARS	As at March 31, 2020	As at March 31, 2019
<b>At Amortised Cost</b>		
(a) GST Payable	1,847	1,269
(b) TDS Payable	374	320
(c) Other Dues Payable	4	-
<b>Total</b>	<b>2,225</b>	<b>1,589</b>

NOTE "14" SHARE CAPITAL		
PARTICULARS	As at March 31, 2020	As at March 31, 2019
<u>Authorised</u>		
1,00,000 equity shares of ` 10/- each	10,00,000	10,00,000
<b>Total</b>	<b>10,00,000</b>	<b>10,00,000</b>
<u>Issued, Subscribed and paid up</u>		
30,000 equity shares of ` 10/- each fully paid up	3,00,000	3,00,000
<b>Total</b>	<b>3,00,000</b>	<b>3,00,000</b>

#### 14.1 Reconciliation of number of equity shares outstanding

PARTICULARS	No of Shares	Amount in ₹
Equity Shares		
Opening Balance as on April 01, 2019	30,000	3,00,000
Add/Less: During the year	-	-
<b>Closing Balance as on March 31, 2020</b>	<b>30,000</b>	<b>3,00,000</b>

#### 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 31, 2020		As at March 31, 2019	
	No. of Shares	% of Toal Share Capital	No. of Shares	% of Toal Share Capital
<u>Equity shares of ₹10/- each fully paid</u>				
State Bank of India Ltd.	18,000	60	18,000	60
SBI Funds Management Pvt. Ltd.	6,000	20	6,000	20
SBI Capital Markets Ltd.	6,000	20	6,000	20
	30,000	100	30,000	100



NOTE "15" OTHER EQUITY		
PARTICULARS	As at March 31, 2020	As at March 31, 2019
(a) Surplus in Statement of Profit & Loss	83,870	65,004
Add:- Addition during the year	22,821	18,866
<b>Total</b>	<b>1,06,691</b>	<b>83,870</b>

NOTE "16" FEE AND COMMISSION INCOME				
PARTICULARS	For the Quarter Ending March 31, 2020	For the Quarter Ending March 31, 2019	For the year ending March 31, 2020	For the year ending March 31, 2019
(a) Management Fees	39,957	28,825	1,45,055	1,03,814
<b>Total</b>	<b>39,957</b>	<b>28,825</b>	<b>1,45,055</b>	<b>1,03,814</b>

NOTE "17" OTHER INCOME				
PARTICULARS	For the Quarter Ending March 31, 2020	For the Quarter Ending March 31, 2019	For the year ending March 31, 2020	For the year ending March 31, 2019
(a) Interest Income	7,134	6,461	24,158	23,600
(b) Other Income	-	3	1	47
<b>Total</b>	<b>7,134</b>	<b>6,464</b>	<b>24,159</b>	<b>23,647</b>

NOTE "18" EMPLOYEE BENEFIT EXPENSES				
PARTICULARS	For the Quarter Ending March 31, 2020	For the Quarter Ending March 31, 2019	For the year ending March 31, 2020	For the year ending March 31, 2019
(a) Salaries & Wages	6,763	5,169	27,704	20,028
(b) Contribution to provident and other funds	370	352	1,775	1,583
(c) Gratuity	497	300	497	300
(d) Leave Encashment	83	112	92	112
(e) Staff welfare Expenses	228	397	1,413	843
(f) Reimbursement of Expenses	23	15	138	36
<b>Total</b>	<b>7,963</b>	<b>6,346</b>	<b>31,619</b>	<b>22,902</b>

- 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. 1,66,29/- (Previous Year : Rs. 1,31,06/- )
- 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. 1,775 /- (Previous Year: Rs. 1,583/-)



**NOTE "19" OTHER OPERATING EXPENSES**

<b>PARTICULARS</b>	<b>For the Quarter Ending March 31, 2020</b>	<b>For the Quarter Ending March 31, 2019</b>	<b>For the year ending March 31,2020</b>	<b>For the year ending March 31,2019</b>
Annual Fee - PFRDA	15,245	11,160	60,980	44,677
Brokerage (NPS)	7,139	2,103	12,802	6,479
Brokerage and Commission	50	35	231	168
Directors Sitting Fees	300	120	1,570	550
Electricity Expenses	146	88	634	552
I T Expenses	2,415	1,656	7,534	6,490
Insurance Charges	7	5	19	20
Legal and Professional fees	798	631	2,248	2,058
Rent, Rates & Taxes	790	1,685	3,197	6,913
Repairs & Maintenance	96	83	425	445
Traveling and Conveyance	1,069	1,391	5,161	4,344
Miscellaneous Expenses	1,274	927	4,683	3,974
Loss on Sale/Exchange of Fixed Asset	-	-	-	28
Prior Period IT/AMC Expenses	-	-	24	387
Compensation paid to NPS Trust	-	-	-	26
Amortization of Security Deposits	9	41	51	41
POP Expenses	26	-	26	-
<b>Total</b>	<b>29,365</b>	<b>19,924</b>	<b>99,582</b>	<b>77,152</b>

Rates and Taxes amount includes Rs.73/- (Previous Year :NIL) paid under Sabka Vishwas ( Legal Dipute Resolution ) Scheme, 2019 (Amnesty Scheme) towards payment of arrears of Service Tax for the period 01.04.2014 to 30.06.2017.

**Note 19.1 AUDITORS' REMUNERATION**

<b>PARTICULARS</b>	<b>For the Quarter Ending March 31, 2020</b>	<b>For the Quarter Ending March 31, 2019</b>	<b>For the year ending March 31,2020</b>	<b>For the year ending March 31,2019</b>
For Statutory Audit	19	13	75	50
<b>Total</b>	<b>19</b>	<b>13</b>	<b>75</b>	<b>50</b>

**Note 20. Earnings per Share**

<b>PARTICULARS</b>	<b>For the Quarter Ending March 31, 2020</b>	<b>For the Quarter Ending March 31, 2019</b>	<b>For the year ending March 31,2020</b>	<b>For the year ending March 31,2019</b>
Profit available for distribution to equity share holders	6,130	6,872	22,822	18,866
Weighted average no of equity shares	30,000	30,000	30,000	30,000
Basic Earnings per share	0.20	0.23	0.76	0.63
Diluted Earnings per share	0.20	0.23	0.76	0.63



Note 21 Contingent liabilities and commitments	As at March 31, 2020	As at March 31, 2019
Bank Guarantees	43,000	32,000
	43,000	32,000

Performance Bank Guarantee favoring PFRDA for the period of 5 Years against pledge of Fixed deposit of Rs. 50,000/-

## 22. Capital commitments

There are NIL capital commitments as on 31.03.2020

## 23. Operating Segements

The Management has identified two operating segments I,e Pension Fund Management (PFM) and Point of Presence (PoP).

However, Business operations under PoP are not started as on 31st March 2020. Hence there was no revenue generation from this segment.

### Segment Assets:

Particulars	PFM	PoP	Total
Current Account with Banks	1,421	9	1,430
Intangible Assets	3,220	3,769	6,989

### Segment Liabilities

Particulars	PFM	PoP	Total
Other Financial Liabilities	3,370	1,980	5,350

## 24. Leases

The company has identified follwing Lease Agreement for Adoption of IND AS 116 Lease Agreement with State Bank of India for Office Premises. The Tenure of the agreement is valid till 31.07.2022.

Transition Method applied by the company - Retrospectively with the cumulative effect of initially applying the standard on application date i.e. 1 April 2019.

	Amt In Rs.
Right to Use is disclosed along with Property Plant and Eqpiment under Non Financial assets.- Rs.	11,823.97
Right to Use is amortized over the period of Lease and Same is charged to Profit and Loss as Depreciation.	3,547.19
Lease Libilty for amount equals to Right to Use being further adjusted by Actual Rent Paid and Interest Comonent.	8,704.29
Interest on Lease Liabilty at Notinal Rate of Return	945.92

### Impact of Change In Accounting on Financial Statements as on 31.03.2020

	Amt In Rs.
Increase in Non Financial Assets	8,276.78
Increase in Financial Liabilty	8,704.29
Increase in Expenses	427.51



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

Shri. Kumar Sharadindu, Managing Director &amp; CEO (Date of Resignation- 31.07.2019)

Shri. Narayanan Sadanandan, Managing Director &amp; CEO (Date of Appointment- 01.08.2019)

Shri Tejas Mehta, Company Secretary &amp; Compliance Officer

Shri Ashish Patnaik, Chief Financial Officer

**Related Parties**

State Bank of India- Holding Company

SBI Foundation - Subsidiary of Holding Company

SBI Funds Management Pvt. Ltd.-Associate Company

SBI Capital Markets Ltd.-Associate Company

SBI General Insurance Company Limited- Subsidiary company of Holding company

Amt in thousands ('000)		
Transactions with related parties	As at March 31, 2020	
Nature of transaction	Key managerial person	Body corporates where control exists
<b><u>Share Capital</u></b>		
Opening Balance		3,00,000
Add : Issued during the Period		
Closing Balance		3,00,000
<b><u>Deposits</u></b>		
Opening Balance		2,73,800
Add: Fixed Deposit made during the Period		1,62,657
Less : Matured during the Period		1,74,857
Closing Balance		2,61,600
<b><u>Interest Accrued during the Year</u></b>		
Opening Balance		59,010
Add : Accrued during the Period		14,716
Less : Received during the Period		2,532
Closing Balance		74,635
<b><u>Reimbursement of salary and other employee benefit</u></b>		
Opening Balance		989
Add: Reimbursement bill received during the period		23,905
Less : Payment during the period		22,409
Closing Balance		2,486
<b><u>Interest Received</u></b>		23,776
<b><u>Rent Paid</u></b>		4,066
<b><u>Insurance</u></b>		19
<b><u>Salary Paid to KMPs during the period</u></b>		
MD & CEO	5,114	
Company Secretary	904	
Chief Financial Officer	2,532	



Amt in thousands ('000)						
<b>26 Maturity Analysis</b>						
The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.						
	As at March-20	Within 12 months	After 12 months	As at March-19	Within 12 months	After 12 months
<b>ASSETS</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	78,031	78,031	-	64,003	64,003	-
Bank balance other than above	1,85,000	1,85,000	-	2,10,000	-	2,10,000
Securities for trade	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Trade Receivables	43,154	43,154	-	31,131	31,131	-
Other Receivables	-	-	-	-	-	-
Investments	10	-	10	10	-	10
Other Financial assets	77,747	75,724	2,022	60,353	2,350	58,003
<b>Total Financial Assets</b>	<b>3,83,941</b>	<b>3,81,909</b>	<b>2,032</b>	<b>3,65,497</b>	<b>97,484</b>	<b>2,68,013</b>
<b>Non-financial Assets</b>						
Deferred tax Assets (Net)	-	-	-	198	198	-
Current tax asset (Net)	16,200	6,321	9,879	11,272	4,951	6,321
Investment Property	-	-	-	-	-	-
Property, Plant and Equipment	15,049	-	15,049	4,367	-	4,367
Capital work in progress	-	-	-	-	-	-
Intangible assets	6,989	-	6,989	273	-	273
Other non-financial assets	6,699	6,662	37	8,318	8,199	119
<b>Total Non - Financial Assets</b>	<b>44,937</b>	<b>12,983</b>	<b>31,954</b>	<b>24,428</b>	<b>13,349</b>	<b>11,079</b>
<b>TOTAL ASSETS</b>	<b>4,28,878</b>	<b>3,94,891</b>	<b>33,987</b>	<b>3,89,925</b>	<b>1,10,832</b>	<b>2,79,092</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>						
Payables	1,787	1,787	-	1,316	1,316	-
Borrowings	-	-	-	-	-	-
Other financial liabilities	14,054	5,350	8,704	1,381	1,381	-
<b>Total Financial Liability</b>	<b>15,842</b>	<b>7,137</b>	<b>8,704</b>	<b>2,697</b>	<b>2,697</b>	<b>-</b>
<b>Non-Financial Liabilities</b>						
Deferred tax Liabilities (Net)	387	-	387	-	-	-
Provisions	3,732	2,568	1,164	1,769	1,102	667
Other non-financial liabilities	2,226	2,226	-	1,589	1,589	-
<b>Total non financial Liability</b>	<b>6,345</b>	<b>4,794</b>	<b>1,551</b>	<b>3,358</b>	<b>2,690</b>	<b>667</b>
	-	-	-	-	0	0
<b>Total Liabilities</b>	<b>22,187</b>	<b>11,931</b>	<b>10,255</b>	<b>6,055</b>	<b>5,387</b>	<b>667</b>
	-	-	-	-	0	0
<b>Net</b>	<b>4,06,691</b>	<b>3,82,960</b>	<b>23,731</b>	<b>3,83,870</b>	<b>1,05,445</b>	<b>2,78,425</b>



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### 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**

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