

**SBI Payment Services Private Limited**

**31 March 2019**

**SBI Payment Services Private Limited**  
**Balance sheet as at 31 March 2019**

	Notes	As at 31 March 2019	As at 31 March 2018
<b>I - Equity and liabilities</b>			
<b>Shareholders' funds:</b>			
a) Share capital	4	6,08,10,820	2,00,00,000
b) Reserves and surplus	5	15,03,86,56,242	1,80,32,473
		<u>15,09,94,67,062</u>	<u>3,80,32,473</u>
<b>Current liabilities</b>			
a) Trade payables	6	-	-
Due to micro, small and medium enterprises		-	-
Due to others		73,92,51,644	77,40,656
b) Other current liabilities	7	16,13,893	32,98,729
c) Short-term provisions	8	51,38,452	70,24,615
		<u>74,60,03,989</u>	<u>1,80,64,000</u>
<b>Total</b>		<u><b>15,84,54,71,050</b></u>	<u><b>5,60,96,473</b></u>
<b>II - Assets</b>			
<b>Non-current assets</b>			
a) Fixed assets			
i) Tangible assets	9	1,11,22,53,352	-
ii) Intangible assets	10	10,78,68,11,418	-
b) Deferred tax assets (Net)	11	26,23,70,251	-
		<u>12,16,14,35,021</u>	<u>-</u>
<b>Current assets</b>			
Trade receivables	12	37,38,94,121	2,21,25,909
Cash and cash equivalents	13	2,61,07,59,105	4,09,121
Short-term loans and advances	14	5,40,000	3,00,000
Other current assets	15	69,88,42,803	3,32,61,443
		<u>3,68,40,36,029</u>	<u>5,60,96,473</u>
<b>Total</b>		<u><b>15,84,54,71,050</b></u>	<u><b>5,60,96,473</b></u>
<b>Notes form an integral part of these financial statements</b>			

This is the balance sheet referred to in our report of even date  
**For JACOB KOSHY & CO.**  
Chartered Accountants

**For SBI PAYMENT SERVICES PVT LTD**

**Jacob Koshy**  
Partner  
Membership No: 032212  
F R No : 103799 W



Place : Mumbai  
Date : 24 April 2019

**Ram Narayana Boga**  
MD and CEO  
DIN No : 07642168

**Aditya K Sengar**  
CFO

**Sumil Vikamsey**  
Director  
DIN No : 08323257

**Ekta Dhruva**  
Company Secretary

Place : Mumbai  
Date : 24 April 2019





**SBI Payment Services Private Limited**  
**Statement of profit and loss for the year ended 31 March 2019**

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
<b>Revenue</b>			
Revenue from operations	16	5,34,15,02,362	21,41,70,799
Other income	17	3,68,70,581	81,389
<b>Total revenue</b>		<b>5,37,83,72,943</b>	<b>21,42,52,188</b>
<b>Expenses</b>			
Direct expenses	18	4,99,05,33,591	-
Employee benefit expenses	19	2,73,24,585	3,29,82,582
Depreciation and amortisation expense	20	89,28,09,374	-
Other expenses	21	21,85,36,014	16,60,80,076
<b>Total expenses</b>		<b>6,12,92,03,564</b>	<b>19,90,62,658</b>
<b>Profit / (loss) before tax</b>		<b>(75,08,30,621)</b>	<b>1,51,89,530</b>
<b>Tax expense</b>			
Current tax ( Includes income tax reversal of earlier years of Rs. 94,646/-)		94,646	41,85,095
Deferred tax (net)		26,23,70,252	-
<b>Profit / (loss) for the year</b>		<b>(48,83,65,723)</b>	<b>1,10,04,435</b>
<b>Earnings per equity share</b>	22		
Basic (in Rs.)		-124.06	5.50
Diluted (in Rs.)		-124.06	5.50

Notes form an integral part of these financial statements

This is the statement of profit and loss referred to in our report of even date

For **JACOB KOSHY & CO.**  
Chartered Accountants

**Jacob Koshy**  
Partner  
Membership No: 032212  
F R No : 103799 W



Place : Mumbai  
Date : 24 April 2019

For **SBI PAYMENT SERVICES PVT LTD**

**Ram Narayana Boga**  
MD and CEO  
DIN No : 07642168

**Aditya K Sengar**  
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**Sumil Vikamsey**  
Director  
DIN No : 08323257

**Ekta Dhruva**  
Company Secretary

Place : Mumbai  
Date : 24 April 2019



**SBI Payment Services Private Limited**  
Cash flow statement for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 In Rs.	Year ended 31 March 2018 In Rs.
<b>Cash flows from operating activities</b>			
Profit / (loss) before tax		(75,08,30,621)	1,51,89,530
<i>Adjustments for non-cash transactions</i>			
Depreciation and amortisation expense	20	89,28,09,374	-
		<u>14,19,78,753</u>	<u>1,51,89,530</u>
<i>Items considered separately</i>			
Interest on income tax refund	17	(6,00,470)	-
Profit on sale of fixed assets	17	(63,74,276)	-
Income tax of earlier years	17	-	-
		<u>13,50,04,007</u>	<u>1,51,89,530</u>
<b>Operating profit before working capital changes</b>			
Increase / (decrease) in short term liabilities and provisions		(7,31,479)	1,00,95,007
Increase / (decrease) in trade payables		73,15,10,988	-
(Increase) / decrease in trade receivables		(35,17,68,212)	(57,35,531)
(Increase) / decrease in short term loans and advances		(2,40,000)	6,51,040
(Increase) / decrease in other current assets		(66,55,81,360)	(2,14,34,142)
<b>Cash generated from / (used in) in operating activities</b>		<u>(15,18,06,056)</u>	<u>(12,34,096)</u>
Income taxes paid		(21,44,404)	(41,85,095)
<b>Net cash generated from / (used in) in operating activities</b>		<u>(15,39,50,460)</u>	<u>(54,19,191)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible assets	9	(1,39,84,15,628)	-
Proceeds from sale of tangible assets	17	63,74,276	-
Purchase of intangible assets	10	(11,39,34,58,516)	-
<b>Net cash generated from / (used in) in investing activities</b>		<u>(12,78,54,99,869)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	4	15,55,10,03,889	-
Dividends paid (including dividend tax)		(12,03,576)	-
<b>Net cash generated from / (used in) in investing activities</b>		<u>15,54,98,00,313</u>	<u>-</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		2,61,03,49,984	(54,19,191)
Cash and cash equivalents as at the beginning of the period		4,09,121	58,28,312
<b>Cash and cash equivalents as at the end of the year</b>		<u>2,61,07,59,105</u>	<u>4,09,121</u>

Notes form an integral part of these financial statements

This is the cash flow statement referred to in our report of even date  
For JACOB KOSHY & CO.  
Chartered Accountants

Jacob Koshy  
Partner  
Membership No: 032212  
F R No : 103799 W



Place : Mumbai  
Date : 24 April 2019

For SBI PAYMENT SERVICES PVT LTD

Ram Narayana Boga  
MD and CEO  
DIN No : 07642168

Aditya K Sengar  
CFO  
ARCP6104Q

Sumil Vikamsey  
Director  
DIN No : 08323257

Ekta Dhruva  
Company Secretary

Place : Mumbai  
Date : 24 April 2019





**SBI Payment Services Private Limited**  
**Notes to the financial statements for the year ended 31 March 2019**

	As at 31 March 2019		As at 31 March 2018	
	Number	Amounts	Number	Amounts
<b>4 Share capital</b>				
<b>Authorised share capital</b>				
Equity shares of Rs.10 each	10,00,00,000	1,00,00,00,000	10,00,00,000	1,00,00,00,000
	10,00,00,000	1,00,00,00,000	10,00,00,000	1,00,00,00,000
<b>Issued, subscribed and fully paid up</b>				
Equity shares of Rs.10 each	60,81,082	6,08,10,820	20,00,000	2,00,00,000
	60,81,082	6,08,10,820	20,00,000	2,00,00,000
<b>Total</b>	60,81,082	6,08,10,820	20,00,000	2,00,00,000
	As at 31 March 2019		As at 31 March 2018	
	Number	Amounts	Number	Amounts
a) <b>Reconciliation of equity share capital</b>				
Balance at the beginning of the year	20,00,000	2,00,00,000	20,00,000	2,00,00,000
Add : Issued during the year	40,81,082	4,08,10,820	-	-
Balance at the end of the year	60,81,082	6,08,10,820	20,00,000	2,00,00,000
b) <b>Shares held by holding company</b>				
Equity shares of Rs.10 each	44,99,980	4,49,99,800	20,00,000	2,00,00,000
State Bank of India	44,99,980	4,49,99,800	20,00,000	2,00,00,000
c) <b>Shareholders holding more than 5% of the shares</b>				
	Number	Amounts	Number	Amounts
Equity shares of Rs.10 each	44,99,980	4,49,99,800	20,00,000	2,00,00,000
State Bank of India	15,81,082	1,58,10,820		
Hitachi Payment Services Private Limited				
	60,81,062	6,08,10,620	20,00,000	2,00,00,000
d) <b>Rights and restrictions attached to equity shareholders</b>				
The Company has only one class of equity share having face value of Rs. 10 each. Every holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company.				



**SBI Payment Services Private Limited**  
**Notes to the financial statements for the year ended 31 March 2019**

**5 Reserves and surplus**

**Securities premium reserve**

Balance at the beginning of the year  
Add : Additions made during the year

**Balance at the end of the year**

**Surplus in the statement of profit and loss**

Balance at the beginning of the year  
Add : Transferred from statement of profit and loss  
Less : Dividend paid  
Less : Tax on dividends distributed during the year  
Balance at the end of the year

	As at 31 March 2019	As at 31 March 2018
	-	-
	15,51,01,93,069	-
	<u>15,51,01,93,069</u>	<u>-</u>
	1,80,32,473	70,28,038
	(48,83,65,723)	1,10,04,435
	(10,00,000)	-
	(2,03,576)	-
	<u>(47,15,36,826)</u>	<u>1,80,32,473</u>
	<u>15,03,86,56,242</u>	<u>1,80,32,473</u>





**SBI Payment Services Private Limited****Notes to the financial statements for the year ended 31 March 2019****As at  
31 March 2019****As at  
31 March 2018****6 Trade payables**

Dues to micro, small and medium enterprises (Also, refer note (a) below)

Dues to others	73,92,51,644	77,40,656
	<u>73,92,51,644</u>	<u>77,40,656</u>

**Note :**

- On the basis of the information and records available with the Management, none of the Company's suppliers are covered by The Micro, Small and Medium Enterprises Development Act, 2006. Accordingly the disclosures prescribed under the said Act are not applicable.
- (a)

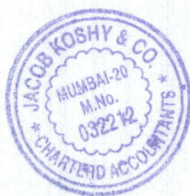
The disclosure pursuant to the said Act is as under:	As at March 31, 2019	As at March 31, 2018
Principal amount due to suppliers registered under the MSMED Act	-	-
Interest accrued and due to suppliers under MSMED Act on the above amount	-	-
Payment made to suppliers (other than interest) beyond appointed day during the year		
Interest paid to suppliers under MSMED Act	-	-
Interest due and payable to suppliers under MSMED Act towards payments already made	-	-
Interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest remaining due and payable in the succeeding years	-	-



**SBI Payment Services Private Limited**

Notes to the financial statements for the year ended 31 March 2019

	As at 31 March 2019	As at 31 March 2018
<b>7 Other current liabilities</b>		
Employee related payables	11,67,673	22,66,559
Telephone expense payable	-	34,900
Tour & travelling expenses	-	3,76,411
Statutory dues	4,46,220	6,20,859
	<u>16,13,893</u>	<u>32,98,729</u>





	As at 31 March 2019		As at 31 March 2018	
	Long term	Short term	Long term	Short term
<b>8 Provisions</b>				
Provision for taxation (net of advance tax)	-	41,85,095	-	70,24,615
Provision for gratuity	-	2,05,694	-	-
Provision for leave encashment	-	7,47,663	-	-
	-	<b>51,38,452</b>	-	<b>70,24,615</b>

**a) Employee benefits**

The Company's employees are covered under the group gratuity cum life assurance scheme funded through a scheme administered by SBI Life Insurance Company Limited. Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/ obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/ obligation are calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

	As at 31 March 2019	As at 31 March 2018
<b>Change in projected benefit obligation</b>		
Projected benefit obligation at the beginning of the year / period	5,61,030	2,97,539
Service cost	2,34,515	2,15,679
Interest cost	44,882	23,059
Actuarial (gain) / loss	-94,364	24,753
Benefits paid	-	-
Projected benefit obligation at the end of the year / period	<b>7,46,063</b>	<b>5,61,030</b>
<b>Change in plan assets</b>		
Fair value of plan assets at the beginning of the year / period	5,10,994	3,02,167
Adjustment to opening balance	-	-96,983
Expected return on plan assets	38,325	35,454
Actuarial gain / (loss)	-8,949	-11,664
Employer contributions	-	2,82,020
Benefits paid	-	-
Fair value of plan assets at the end of the year / period	<b>5,40,370</b>	<b>5,10,994</b>
<b>Reconciliation of present value of obligation on the fair value of plan assets</b>		
Present value of projected benefit obligation at the end of the year / period	2,05,693	50,036
Funded status of the plans	<b>2,05,693</b>	<b>50,036</b>
Liability / (asset) recognised in the balance sheet		
<b>Components of net gratuity costs are</b>		
Service cost	2,34,515	2,15,679
Interest cost	44,882	23,059
Expected returns on plan assets	-38,325	-35,454
Recognized net actuarial (gain)/ loss	-85,415	36,417
<b>Net gratuity costs</b>	<b>1,55,657</b>	<b>2,39,701</b>



SBI Payment Services Private Limited  
 Notes to the financial statements for the year ended 31 March 2019

9 Tangible assets

Gross block	POS	Scanners	MPOS	Total
Balance as at 1 April 2018	-	-	-	-
Acquisitions through business combinations	4,31,34,89,225	23,81,16,414	1,61,58,377	4,56,77,64,015
Disposals	-3,52,53,218	-	-	-3,52,53,218
Balance as at 31 March 2019	4,27,82,36,007	23,81,16,414	1,61,58,377	4,53,25,10,797
Accumulated depreciation and amortisation				
Balance as at 1 April 2018	-	-	-	-
Acquisitions through business combinations	3,09,82,38,104	6,43,93,924	67,16,359	3,16,93,48,387
Depreciation charge	26,06,65,133	2,38,76,879	16,20,265	28,61,62,276
Reversal on disposal of assets	-3,52,53,218	-	-	-3,52,53,218
Balance as at 31 March 2019	3,32,36,50,019	8,82,70,803	83,36,624	3,42,02,57,445
Net block				
Balance as at 31 March 2018	-	-	-	-
Balance as at 31 March 2019	95,45,85,988	14,98,45,611	78,21,753	1,11,22,53,352





SBI Payment Services Private Limited  
Notes to the financial statements for the year ended 31 March 2019

10 Intangible assets

Gross block	Distribution Network	SBI Brands	Goodwill	Total
Balance as at 1 April 2018	-	-	-	-
Acquisitions through business combinations	3,72,72,00,000	29,22,00,000	7,37,40,58,516	11,39,34,58,516
Balance as at 31 March 2019	3,72,72,00,000	29,22,00,000	7,37,40,58,516	11,39,34,58,516
Accumulated depreciation and amortisation				
Balance as at 1 April 2018	-	-	-	-
Acquisitions through business combinations	-	-	-	-
Depreciation charge	20,76,33,973	2,93,00,055	36,97,13,071	60,66,47,098
Reversal on disposal of assets	-	-	-	-
Balance as at 31 March 2019	20,76,33,973	2,93,00,055	36,97,13,071	60,66,47,098
Net block				
Balance as at 31 March 2018	-	-	-	-
Balance as at 31 March 2019	3,51,95,66,027	26,28,99,945	7,00,43,45,446	10,78,68,11,418



**SBI Payment Services Private Limited**  
**Notes to the financial statements for the year ended 31 March 2019**

	As at 31 March 2019	As at 31 March 2018
<b>11 Deferred taxes</b>		
<b>Deferred tax liabilities</b>		
Timing difference on tangible assets depreciation and impairment	9,68,04,854	-
Timing difference on intangible assets depreciation and impairment	78,33,45,774	-
<b>Total</b>	<b>88,01,50,628</b>	<b>-</b>
<b>Deferred tax assets</b>		
Business Loss *	1,14,21,87,738	-
Provision for employee benefits	3,33,141	-
<b>Total</b>	<b>1,14,25,20,879</b>	<b>-</b>
<b>Net deferred tax asset / (liability)</b>	<b>26,23,70,251</b>	<b>-</b>

\* The Company's projected five year business plan reflects profits and hence the Company expects that the Deferred Tax Assets recognised on it's carry forward business losses will be realised in future.





SBI Payment Services Private Limited  
Notes to the financial statements for the year ended 31 March 2019

	As at 31 March 2019	As at 31 March 2018
12 Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured considered good	3,15,83,198	-
Doubtful	-	-
Others		
Unsecured considered good		
Billed	7,13,10,923	2,21,25,909
Unbilled	27,10,00,000	-
Doubtful	-	-
	<u>37,38,94,121</u>	<u>2,21,25,909</u>
Less : Allowances for bad and doubtful debts	<u>-</u>	<u>-</u>
	<u><u>37,38,94,121</u></u>	<u><u>2,21,25,909</u></u>



	As at 31-Mar-2019		As at 31 March 2018	
	Current	Non-current	Current	Non-current
13 Cash and bank balances				
Cash and cash equivalents				
<u>Balances with banks :</u>				
In current accounts	8,61,49,075	-	4,09,121	-
In deposit account (with maturity upto 3 months)	2,52,45,66,030	-	-	-
Other bank balances	44,000	-	-	-
Total	2,61,07,59,105	-	4,09,121	-





SBI Payment Services Private Limited  
Notes to the financial statements for the year ended 31 March 2019

	As at 31 March 2019		As at 31 March 2018	
	Long term	Short term	Long term	Short term
14 Loans and advances				
Security Deposit	-	5,40,000	-	-
Advance to govt authorities	-	-	-	3,00,000
	-	5,40,000	-	3,00,000
	-	5,40,000	-	3,00,000

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	As at 31 March 2019	As at 31 March 2018
15 Other current assets		
Balance with SBIPSPL employee gratuity account	-	11,000
Advance gratuity	-	11,752
Balance with government authorities	69,88,42,803	3,32,38,691
	<u>69,88,42,803</u>	<u>3,32,61,443</u>

*[Handwritten signature]*





**SBI Payment Services Private Limited**
**Notes to the financial statements for the year ended 31 March 2019**

	Year ended 31 March 2019	Year ended 31 March 2018
<b>16 Revenue</b>		
Revenue from operations *		
Sale of services	6,24,13,56,846	25,15,38,204
Less : GST	(89,98,54,484)	(3,73,67,405)
Revenue from operations (Net)	<u>5,34,15,02,362</u>	<u>21,41,70,799</u>
Details of services sold		
Commission on ETC transactions	1,91,47,119	-
GPRS Rentals/ Advance Rentals received from the merchant	43,06,09,444	-
GPRS Rentals/ Advance Rentals received from central government	10,18,258	-
MDR claim from central government	1,70,08,254	-
MDR for Off-US transactions (Master Card/VISA/Rupay)	3,55,37,48,169	-
MDR on Amex	2,65,21,208	-
MDR on ON-US transactions	78,09,65,943	-
MDR on transactions less then Rs.2000	26,85,91,223	-
MDR receivable from IOCL	2,50,00,000	-
Merchant banking fee	13,41,23,619	21,41,70,799
Other miscellaneous income	8,47,69,125	-
	<u>5,34,15,02,362</u>	<u>21,41,70,799</u>
* Due to the change in the basis of measurement of revenue effective 29th September, 2018 the value of sale of services are not comparable.		
<b>17 Other income</b>		
Interest income on fixed deposits	2,98,95,835	81,389
Profit on sale of fixed assets (net)	63,74,276	-
Interest on income tax refund	6,00,470	-
	<u>3,68,70,581</u>	<u>81,389</u>
<b>18 Direct Expenses</b>		
Amex POS acquiring charges	2,78,26,814	-
Commission paid to DCC Transactions to Technology service provider	3,81,10,631	-
Consumables	4,85,14,800	-
Cost of terminal	54,04,397	-
Courier charges	2,41,69,713	-
GPRS SIM charges	6,47,57,321	-
Helpdesk Charges	59,99,049	-
Installation/deinstallation charges	1,76,06,258	-
OFF-US Transactions(Master Card/ VISA/ Rupay) interchange expenses	3,64,27,25,707	-
Technology service provider backend processing charges	11,35,14,882	-
Backend processing charges	17,16,52,500	-
Agregator processing fees	11,42,54,264	-
IOCL (MDR) Written off	77,00,000	-



**SBI Payment Services Private Limited**  
**Notes to the financial statements for the year ended 31 March 2019**

	Year ended 31 March 2019	Year ended 31 March 2018
Rupay transaction charges	1,61,10,726	-
Scheme fees (Visa/Master/Rupay)	35,27,01,219	-
Technology and manpower service charges	71,49,820	-
Terminal management charges	17,75,06,885	-
Terminal repair charges	4,11,97,612	-
Transaction processing charges	11,09,89,728	-
WAP and MIP charges	26,41,265	-
	<b>4,99,05,33,591</b>	<b>-</b>
<b>19 Employee benefit expense</b>		
Salaries, wages and bonus (including contract Staff salary)	2,59,41,296	3,13,99,719
Contribution to gratuity	2,17,446	1,77,913
Contribution to provident and other defined contribution funds	11,07,001	10,77,270
Contribution to other funds	-	1,40,339
Staff welfare expenses	58,842	1,87,341
	<b>2,73,24,585</b>	<b>3,29,82,582</b>
<b>20 Depreciation and amortisation expense</b>		
Depreciation of tangible assets	28,61,62,276	-
Amortisation of intangible assets	60,66,47,098	-
	<b>89,28,09,374</b>	<b>-</b>
<b>21 Other expenses</b>		
Payments to auditors (refer note 25)	12,22,900	1,70,000
Bank charges	5,145	11,810
Conveyance charges	7,889	10,416
Filing fees and digital expenses	99,070	8,150
Other expenses	11,98,956	21,405
Postage and courier expenses	8,871	9,690
Printing and Stationery expenses	2,05,998	2,14,266
Professional fee	31,92,306	7,24,916
Recruitment/Training charges	4,07,132	2,80,155
GST Setoff unavailable	46,97,421	-
Rent, rates and taxes	44,500	1,63,549
Communication expenses	1,00,800	10,138
Travelling expenses	5,93,138	12,59,446
Contract Staff Salary	20,67,51,888	16,31,96,135
	<b>21,85,36,014</b>	<b>16,60,80,076</b>





**SBI Payment Services Private Limited**  
**Notes to the financial statements for the year ended 31 March 2019**

	Year ended 31 March 2019	Year ended 31 March 2018
--	-----------------------------	-----------------------------

**22 Earning per share**

a)	<b>Computation of profit for computing</b> Net profit / (loss) for the year	(48,83,65,723)	1,10,04,435
b)	<b>Computation of weighted average number of shares for</b> Basic earnings per share Diluted earnings per share	39,36,595 39,36,595	20,00,000 20,00,000
c)	<b>Nominal value of shares</b>	Rs. 10 each	Rs. 10 each
d)	<b>Computation</b> Basic Diluted	-124.06 -124.06	5.50 5.50



## 23 Related parties

## a) Names of related parties

Relationship	Name
Holding company	State Bank of India
Significant investor	Hitachi Payment Services Private Limited ( From 19 January 2019)
Key management personnel (KMP)	Mr. Ravindra Pandey ( Since 26 December 2017) Director
	Mr. Ram Narayana Boga MD and CEO wef 21st January, 2019 Director
	Mr.Navtej Singh (From 19 January 2019) Director
	Shree Prakash Singh (From 19 January 2019) Director
	Mr.Rajendra Deshpande (From 19 January 2019) Director
	Mr. Mihir Narayan Prasad Mishra(From 19 January 2019) Director
	Mr. Sumil Chandrakant Vikamsey (From 19 January 2019) Director
	Mr. Krishna Kumar Aravamudan (From 26 February 2019) Director
	Mr. Shankar Aggarwal (From 26 February 2019) Director
	Mr. Aditya Kumar Sengar (From 29 January 2019) CFO
	Mrs. Ekta Dhruva CS



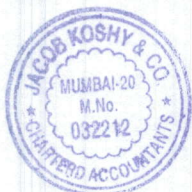


**SBI Payment Services Private Limited**

Notes to the financial statements for the year ended 31 March 2019

**b) Transactions with related parties**

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Issue of shares to</b>		
<b>Holding company</b>		
<b>State Bank of India</b>	2,50,00,000	-
( 25,00,000 shares issued at Rs.10 each fully paid up)		
<b>Significant investor</b>		
<b>Hitachi Payment Services Private Limited</b>	15,52,60,03,889	-
( 15,81,082 shares issued at Rs.10 each fully paid up issued at premium of Rs.9,809.86 per share)		
<b>Slump sale</b>		
<b>Holding company</b>		
<b>State Bank of India</b>		
Transfer of Assets	3,42,57,21,077	-
Transfer of Liabilities	3,71,75,95,222	-
Transfer of Tangible Assets	1,39,84,15,628	-
Transfer of Intangible Assets	11,39,34,58,516	-
Payment of Purchase consideration	12,50,00,00,000	-
<b>Revenue from operations</b>		
<b>Holding company</b>		
<b>State Bank of India</b>		
Commission on ETC transactions	1,91,47,119	-
GPRS Rentals/ Advance Rentals received from the merchant	43,06,09,444	-
GPRS Rentals/ Advance Rentals received from central govt	10,18,258	-
MDR claim from central government	1,70,08,254	-
MDR for Off-US transactions (Master Card/VISA/Rupay)	3,55,37,48,169	-
MDR on Amex	2,65,21,208	-
MDR on ON-US transactions	78,09,65,943	-
MDR on transactions less than Rs.2000	26,85,91,223	-
MDR receivable from IOCL	2,50,00,000	-
Merchant banking fee	13,41,23,619	-
Other miscellaneous income	8,47,69,125	-
<b>Direct expenses</b>		
<b>Holding company</b>		
<b>State Bank of India</b>		
Amex POS acquiring charges	2,78,26,814	-
Commission paid to DCC Transactions to TSP	3,81,10,631	-
Consumables	4,85,14,800	-
Cost of terminal	54,04,397	-
Courier charges	2,41,69,713	-
GPRS SIM charges	6,47,57,321	-
Helpdesk Charges	59,99,049	-
Installation/deinstallation charges	1,76,06,258	-
OFF-US Transactions (Master Card/ VISA/ Rupay)	3,64,27,25,707	-
interchange expenses		-
Technology service provider backend processing charges	11,35,14,882	-
Backend processing charges	17,16,52,500	-
Aggregator processing fees	11,42,54,264	-
Rupay transaction charges	1,61,10,726	-



**SBI Payment Services Private Limited**

**Notes to the financial statements for the year ended 31 March 2019**

IOCL (MDR) Written off	77,00,000	
Scheme fees (Visa/Master/Rupay)	35,27,01,219	-
Technology and manpower service charges	71,49,820	-
Terminal management charges	17,75,06,885	-
Terminal repair charges	4,11,97,612	-
Transaction processing charges	11,09,89,728	-
WAP and MIP charges	26,41,265	-
<b>Other expenses</b>		
Holding company		
State Bank of India		
GST Paid	50,25,304	-
Printing and stationery	55,594	-

**c) Balances with related parties**

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Balance due to (Payables)</b>		
Holding company		
State Bank of India	42,30,85,201	-
<b>Balance due from (Receivables)</b>		
Holding company		
State Bank of India	37,38,94,121	2,21,25,909





**SBI Payment Services Private Limited**  
**Notes to the financial statements for the year ended 31 March 2019**

	Year ended 31 March 2019	Year ended 31 March 2018
<b>24 Cancellable operating lease</b>		
Payable not later than 1 year	42,000	-
Payable later than 1 year not later than five years	-	-
Payable later than five years	-	-
<b>Total</b>	<b>42,000</b>	<b>-</b>

Operating Lease Rentals charged off to the statement of profit and loss

The Company has entered into cancellable leasing arrangement for the flat for a period of 24 months commencing from 07/03/2019 to 06/03/2021 which is cancellable even before the said period by giving one month notice by either parties. The Lease Rent is Rs. 90,000 per month.

**25 Payments to auditors**

Statutory Audit	4,05,000	1,35,000
Tax Audit	35,000	35,000
Other services	7,60,000	-
Reimbursement of expenses	22,900	-
	<b>12,22,900</b>	<b>1,70,000</b>

26 As per clause 7.1.2 of Business Transfer Agreement dated 29th September 2018, State Bank of India agreed to provide services to SBIPSPL in relation to the business undertaking on an arm's length basis for such period as may be mutually agreed in writing between SBI and SBIPSPL. Accordingly SBI and SBIPSPL agreed to not charge any expenses and income upto and including 31st March 2019 and the same will be effective from 1st April, 2019.

27 Previous year's figures have been regrouped and reclassified wherever necessary.

**For JACOB KOSHY & CO.**  
Chartered Accountants

**Jacob Koshy**  
Partner  
Membership No: 032212  
F R No : 103799 W



Place : Mumbai  
Date : 24 April 2019

**For SBI PAYMENT SERVICES PVT LTD**

**Ram Narayana Boga**  
MD and CEO  
DIN No : 07642168

**Aditya K Sengar**  
CFO

Place : Mumbai  
Date : 24 April 2019

**Sumil Vikamsey**  
Director  
DIN No : 08323257

**Ekta Dhruva**  
Company Secretary





## **SBI PAYMENT SERVICES PRIVATE LIMITED**

### **NOTES NO.1.2.3 FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31-03-2019**

#### **Background of the Company**

SBI Payment Services Private Limited (SBIPSPL) a wholly owned subsidiary of State Bank of India (upto and including 19.01.2019) provides services on key activities relating to Merchant Acquiring Business (MAB) viz. sourcing, merchant relationship, support services for complaints management etc. for SBI, the largest commercial Bank in India.

Post the acquisition of the MAB vertical of the SBI dated 29<sup>th</sup> September 2018 for a consideration, SBIPSPL has issued shares to the extent of 26% on 19<sup>th</sup> January 2019 to Hitachi Payment Services Pvt Ltd, a company who provides technological and other related services in connection with merchant acquiring business.

#### **1. Basis of accounting and preparation of financial statements**

The financial statements which have been prepared under historical cost convention on the accrual basis of accounting under the IGAAP and are in accordance with the applicable requirements of the Companies Act, 2013 (the "Act") and comply in all material aspects with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

#### **2. Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reporting year. Key estimates include estimate of useful lives of fixed assets, income taxes and future obligations under employee retirement benefit plans. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates. Any revisions to accounting estimates are recognised prospectively in the current and future periods.

#### **3. Significant accounting policies**

##### **(a) Revenue recognition**

- (i) Revenue is measured on the basis of consideration received or receivable by the Company for the services provided towards Merchant Acquiring Business (MAB), excluding discounts, GST and other applicable taxes and are recognised upon the performance of services. The Company collects taxes on behalf of the government and therefore it is not an economic benefit flowing to the Company. Hence it is excluded from revenue.
- (ii) The revenue from deployment of POS is recognized either over the period during which the service is rendered or on the basis of the number of transactions processed during the period in accordance with the rates and conditions specified in the agreements. Based on the contract terms, the merchant makes payment to the Company for MDR, Monthly rental and Commitment charges and the same is treated as revenue from operations.





- (iii) Income received but not accrued on account of maintenance deployment contracts are recognised as deferred revenue and included in liabilities until such time the revenue recognition criteria are met.
- (iv) Income accrued but not billed represents revenue recognised on work performed but billed in the subsequent period, in accordance with the terms of the contract.
- (v) Revenue of the Company comprises of providing services for Merchant Acquiring under the Merchant Acquiring Business Vertical of SBI till 29 September 2018. Services rendered are recognized on fully loaded costs plus mark up on such costs.
- (vi) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**(b) Fixed assets, depreciation and amortization**

- (i) Fixed assets are stated at cost less accumulated depreciation, amortization and impairment losses. Cost includes purchase price, inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.
- (ii) Depreciation on other tangible assets is provided, pro rata for the period of use, on the straight line method (SLM) using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets.

Assets	Useful Life*
POS	5 years
Scanners	5 years
MPOS	5 years

\*The useful life in respect of POS terminal has been revised from 3 years to 5 years based on independent report from the respective terminal suppliers.

**(c) Intangible Assets**

Intangible assets are amortized over their useful life, as determined by the management.

Assets	Useful Life
Distribution Network*	9 years
SBI Brand	5 years
Goodwill	10 years

\*The useful life of distribution network has been revised from 5 years to 9 years, based on management evaluation/review.





**(d) Impairment of assets**

In accordance with Accounting Standard 28 "Impairment of Assets" as specified under section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014 as amended, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in the statement of profit and loss or against revaluation surplus where applicable.

**(e) Provisions and contingencies**

Provisions are recognised when the Company has a present obligation as a result of past events and 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 management estimate required to settle the obligation at the balance sheet date.

Contingent liabilities are disclosed in respect of possible obligations or present obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provisions or disclosure is made.

**(d) Taxes on income**

**Current tax**

Current tax is computed and provided for in accordance with the applicable provisions of the Income Tax Act, 1961.

**Minimum alternate tax**

Minimum alternate tax (MAT) paid in accordance with the tax laws gives rise to future economic benefits in the form of adjustments of future income tax liability. The same is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the specified period. Accordingly, MAT credit is recognized as an asset in the balance sheet when it is probable that the future economic benefits associated with it will flow to the Company and the asset can be measured reliably.

**Deferred tax**

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.





**(e) Employee benefits**

- (i) All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.
- (ii) The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognised as an expense in the year in which services are rendered by the employees.
- (iii) The Company's employees are covered under the group gratuity cum life assurance scheme with funded through a scheme administered by SBI Life Insurance Company Limited. Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/ obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/ obligation are calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses are determined.

Liability for compensated absences is provided for on the basis of actuarial valuation at year end, made by an independent actuary as per Accounting Standard 15 "Employee Benefits" as specified under section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

- (iv) Group Mediclaim Policy from SBI General Insurance has been introduced which provides health insurance cover for the Employees of the Company.



# JACOB KOSHY & CO.

## Chartered Accountants

511, JOLLY BHAVAN NO. 1,  
10, NEW MARINE LINES, MUMBAI - 400 020.  
PHONE : 2200 4442, 6633 2970, 6633 2948  
FAX : 91-22-2207 6095 • E-mail : jkoshi@vsnl.com



### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF SBI PAYMENT SERVICES PRIVATE LIMITED, MUMBAI

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of "SBI PAYMENT SERVICES PRIVATE LIMITED ("the Company")", which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss and 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 (hereinafter referred to as "the financial statements").

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

##### Emphasis of Matter:

We draw attention to the Note 26 to the financial statements regarding non charging of shared expenses/income in relation to the business undertaking on an arm's length basis for such period as may be mutually agreed in writing between SBI and the Company in terms of the Cl 7.1.2 of Business Transfer Agreement dated 29<sup>th</sup> September 2018. The Company has explained that the same will be made effective 1<sup>st</sup> April 2019.

Our Opinion is not modified in respect of this matter.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 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.



## **Management's Responsibility for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the 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 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure II".

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

- i. The Company does not have any pending litigation 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.

(C) As required by section 143 (5) of the companies Act, 2013, we report that we have complied with the directions issued by the Comptroller and Auditor General of India and our replies in respect of these directions are given in the Annexure III attached herewith.

**M/s JACOB KOSHY & CO**

Chartered Accountants

(FRN: 103799w)

**JACOBKOSHY**

(Partner)

Mem No: 032212

Place: Mumbai

Date: 24.04.2019





## **SBI PAYMENT SERVICES PRIVATE LIMITED**

Annexure I with reference to Para 3 and 4 of Auditor's Report for the year ended 31-March 2019 dealing with the matters listed in the Companies (Auditor's Report ) Order , 2016

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us during the course of audit, we state that:

- 1(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
2. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
3. The Company is a service company, and hence paragraph 3(ii) of the order is not applicable.
4. The company has not granted any loan secured or unsecured from/to companies, firm or other parties covered under registered maintained under section 189 of the Companies Act 2013.
5. Compliance of provisions under section 185 and 186 of the Companies Act, 2013 do not apply to the Company.
6. The company has not accepted any deposits from public.
7. The Central Government has not prescribed the maintenance of cost records, under sections 148 (1) of the Companies Act, for any services rendered by the company.
8. The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amount payable in respect of aforesaid dues were in arrears as at 31<sup>st</sup> March 2019 for a year of more than six months from the date they became payable. There are no disputed statutory dues. Further there are no amount to be transferred to investor Education and Protection Fund.
9. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that there are no dues or default in repayment of dues to financial institutions, banks and debenture holders.
10. The company has not raised any money by way of initial public offer or term loan during the year.
11. In our opinion and according to the information and explanations given to us, no



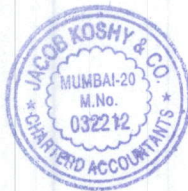


fraud on or by the company has been noticed or reported during the year that cause the financial statements to be materially misstated.

12. In our opinion & according to the information and explanations given to us, no managerial remuneration has been provided under section 197 read with Schedule V of the Companies Act, 2013.
13. The Company is not a Nidhi Company and Nidhi Rules 2014 are not applicable to the Company.
14. The Company has complied with section 177 and 188 of the Companies Act 2013 regarding the related parties transactions.
15. During the year under review, the company has made preferential allotment of shares to the holding Company and to its joint venture partner.
16. The Company has not entered into any non cash transactions with directors or persons connected with him.
17. The Company is not required to be registered under section 45-IA of Reserve Bank of India Act 1934.

**For JACOB KOSHY & CO.**  
**Chartered Accountants**  
F No 103799W

Jacob Koshy  
(Partner)  
M. No. 032212



Place: Mumbai

Date: 24.04.2019



## **SBI PAYMENT SERVICES PRIVATE LIMITED**

### **ANNEXURE II TO INDEPENDENT AUDITOR'S REPORT**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **SBI PAYMENT SERVICES PVT LIMITED** ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for the Financial Statements and for Internal Financial Controls over Financial Reporting**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial controls over financial reporting 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 control over financial reporting includes 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.

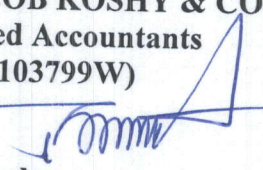
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For JACOB KOSHY & CO**  
**Chartered Accountants**  
**(F R No.103799W)**

  
**Jacob Koshy**  
**Partner**  
**Membership No: 032212**  
**Mumbai**  
**Date: 24.04.2019**





## **SBI PAYMENT SERVICES PRIVATE LIMITED**

### **Annexure III forming part of the Auditor's Report on Legal and Regulatory Requirement**

**Directions under section 143(5) of Companies Act 2013 applicable from the year 2018-19**

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.

**All accounting transactions are processed through IT system ( Tally ERP ) . The back office operations of the various financial transactions have been carried out at the Global Information Technology Centre of State Bank of India ( SBI ) at Nerul. The integrity of their IT system has been authenticated by SBI.**

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.

**Not Applicable**

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.

**Not Applicable**

Per our Report of even date  
JACOB KOSHY & CO.  
Chartered Accountants  
(FRN 103799W)

JACOB KOSHY  
(Partner)

24 APR 2019