

FORM NO PAS-4

PRIVATE PLACEMENT OFFER LETTER

[Pursuant to section 42 and rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014]

1. GENERAL INFORMATION:

a. Name of the Company:

SBI Cards and Payment Services Pvt. Ltd.

CIN: U65999DL1998PTC093849

Registered Address: Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower, E 1,2,3, Netaji Subhash Place, Wazirpur, New Delhi-110034.

Corporate Office Address: DLF Infinity Towers, Tower B, 2nd Floor, Block 2, Building 3, DLF Cyber City, Gurgaon, Haryana-122002

Communication Address: DLF Infinity Towers, Tower C, 12th Floor, Block 2, Building 3, DLF Cyber City, Gurgaon, Haryana-122002

Telephone Number: 0124-4589803

Fax Number: 0124-4589641

Email Address: feedback@sbicard.com

Website: www.sbicard.com

b. Date of Incorporation of the Company :

15th May, 1998

c. Background and business carried on by the Company:

The Company is a joint venture between the State Bank of India (SBI) and GE Capital (Mauritius) Overseas Investment (GECMOI), a subsidiary of GE Capital Corporation (GECC), holding sixty and forty percent stake respectively. The Company was set up to cater to the needs of credit and convenience of the Indian consumers and to deliver value by leveraging the brand equity, customer relationship and the unparalleled network of SBI and the technological processes and service capabilities of GECC to offer products that are value for money and are supported by quality service.

SBI Card offers Indian consumers access to a wide range of world-class, value-added payment products and services. SBI Card has a credit card base of over 3.4 million, spanning leading metros to emerging towns. It offers an extensive range of credit cards catering to the needs of diverse customer segments which includes lifestyle cards, Travel cards, Shopping cards, Classic

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Haryana, India

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Fax: 0124-3987306

Email: feedback@sbicard.com

Website: sbicard.com

Registered Office :

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cards, Exclusive co-branded cards and corporate cards. The company has a rich bouquet of products appealing to all segments ranging from Simply Save product for masses, Platinum & Signature products for affluent and rich sections respectively. The company has various Co-Brand relationships, offering products in partnerships with Tata Capital, IRCTC, Air-India, Future Group etc. and other Banking partners namely Oriental Bank of Commerce, Bank of Maharashtra and Karur Vysya Bank. SBI Card has won the Reader Digest's Most Trusted Brand Award for the sixth time in 2014-15.

Beside Corporate Office and Registered Office, there are 16 Branches of SBI Cards pan India.

d. Management of the Company:

The Company derives strong branding and marketing support from SBI and technical & management support from GECC. The Company's management consists of professionals drawn from banks, corporations and financial institutions, thus providing the company with a good blend of financial and marketing expertise, enabling innovative financing programmes with a view to attain leadership status in the credit cards market.

The Board of Directors of the Company as on 31-01-2016 comprise of Smt. Arundhati Bhattacharya, Sh. N K Chari, Sh. Ashwini Kumar Sharma, Sh. V G Kannan, Sh. Ryan Zanin, Sh. Ashish Sharma, Sh. Banmali Agrawala, Sh. Percival Sam Billimoria. None of the directors of the Company are disqualified from being appointed as directors as specified in Section 164(2) of the Companies Act, 2013 read with Rule 14 of the Companies (Appointment of Directors) Rules, 2014.

The Board is responsible to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. The Board of Directors along with its constituted Committees provide direction and guidance to the Company's Leadership Team and further direct, supervise as well as review the performance of the Company.

The Board is responsible for overall compliance with the Corporate Governance of the Company and oversees the business affairs. Further the Board has a vital role to play in the matters relating to policy formulation, implementation and strategic issues which are crucial for the long term development of the organization.

Besides from the Senior Management Team, the Chief Executive Officer of the Company is Mr. Vijay Jasuja (CGM from SBI) and the Chief Financial Officer of the Company is Mr. Digmanu Gupta (DGM from SBI).

e. Name , Address, DIN and Occupations of the Directors:

The present composition of the Board as on 31st January 2016 is as follows:

Name	Address	DIN	Occupation
Smt Arundhati Bhattacharya	Dunedin No 5, J Mehta Road, Mumbai, Maharashtra- 400006	02011213	Service
Shri N K Chari	D-8, Kinellan Tower, 100-A, Nepean Sea Road, Mumbai, India-400006	07409731	Service
Shri Ashwini Kumar Sharma	1303 Brighton, Hari Om Nagar, Behind Octroi Naka,, Eastern Express Highway, Mulund (EAST), Mumbai, Maharashtra -400081	00157371	Retired SBI Dy. MD & Independent Consultant
Shri V G Kannan	D-11, Kinellan Towers, Napean Sea Road, Mumbai, Maharashtra -400006	03443982	Service
Shri Ryan Zanin	25 Central Park West Apartment 5X New York	07316506	Service
Shri Ashish Sharma	1424-B, DLF Magnolias, DLF Phase-5, Gurgaon ,Haryana-122002	01659506	Service
Shri Banmali Agrawala	C-602,Palm Springs, Golf Course Road,Sector-54,Gurgaon, Haryana - 122001	00120029	Service
Shri Percival Sam Billimoria	Khasra No. 674/1/2/3, Village Chatterpur, Tehsil Mehrauli, New Delhi -11 0074	01197535	Lawyer

f. Management's perception of risk factors:

Investment in these Debentures involves a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. For taking an investment decision, investors must rely on their own examination of the Company and the Issue, including the risks involved. Prospective investors should consult their own legal, regulatory, tax, financial and/or accounting advisors about risks associated with an investment in such Debentures and the suitability of investing in such Debentures in light of their particular circumstances.

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The Debentures have not been recommended or approved by SEBI or RBI, nor do either the SEBI or the RBI guarantee the accuracy or adequacy of this document. The document has not been submitted, cleared or approved by SEBI or the RBI.

- i. The Company's business is dependent on systems and operations availability; any breakdowns in the transaction systems could adversely impact the Company's financial performance.
- ii. If the Company is not able to control the level of non-performing assets in its portfolio, its business will suffer.
- iii. The Company's business is particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect its net interest margin and its financial performance.
- iv. If the Company is not able to sustain and strengthen its financial performance, its credit rating is at a risk of downgrade.
- v. The Company in its normal course of business and otherwise has some contingent liabilities in its books.
- vi. The Company borrows credit facilities regularly from banks. These facilities are payable on demand and expose the Company to unplanned prepayment of debt.
- vii. The current dislocations in the global corporate credit sector and the current weakness in the broader financial market, could adversely affect us and one or more of our lenders, which could result in increases in our borrowing costs and reductions in our liquidity.
- viii. The Company's inability to foreclose on collateral in the event of a default, could expose the Company to potential losses.
- ix. The Company may be adversely affected if management or employees cannot be retained or do not follow policies.
- x. Any adverse findings in the Company's litigation, disputes or, proceedings may result in fines and penalties against the Company.
- xi. The Company in its normal course of business takes credit risk based on the information provided by its customers.
- xii. The Company's business is largely dependent on the needs of its corporate client base. Negative developments in the Indian economy could affect the corporate borrowers.
- xiii. The financing industry is becoming increasingly competitive and the Company's growth will depend on its ability to compete effectively.
- xiv. Regulatory changes could adversely affect the Company's business.

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- xv. The Company is subject to political and economic risk in India.
- xvi. The secondary market for the debentures may be illiquid.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF FINANCIAL YEAR AND DATE OF REPORT

General Electric (GE), the parent company of one of the shareholders (GE Capital Mauritius Overseas Investments) has made a public announcement on the 10th of April 2015, that to create a simpler, more valuable industrial company it would be reducing the size of the financial business (GE Capital).

- g. There are no current defaults in repayment of
- i. Statutory Dues;
 - ii. Debentures and Interest thereon;
 - iii. Deposits and Interest thereon;
 - iv. Loan from any bank or financial institution and interest thereon.
- h. Names, designation, address and phone number, email ID of the nodal officer of the company, for the private placement offer process:

Mr. Deepak Goswami, Finance Controller
11th Floor, Infinity Tower -C, Building No. 3, DLF Cyber city,
Gurgaon, Haryana-122002
Email: Deepak.goswami@sbicard.com
Phone: 0124-4589773
Mobile: 91-9818151833

Further, the officials are authorized to issue offer letter:

Sh Vijay Jasuja, CEO singly, Sh Digmanu Gupta, CFO jointly with Sh Deepak Goswami, Finance Controller

2. PARTICULARS OF THE OFFER:

- i) Date of Passing Board Resolution: October 27,2015
- ii) Date of passing of resolution in the general meeting, authorizing the offer of securities: November 20,2015
- iii) Kind and Class of Security:

Fixed rate, Unsecured, Rated, Taxable, Redeemable, Subordinated Non-convertible Debentures of face value of Rs. 10,00,000/- each at par in the

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nature of Subordinated Debt constituting Tier II capital (qualifying as per the Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms issued by Reserve Bank of India).

The Debentures shall constitute direct, unsecured and subordinated obligations of the Company and the claims of the Investors shall be:

- a. superior to the claims of the investors in instruments eligible for inclusion in Tier I capital of the Company;
- b. pari passu with each other and with any parity securities of the Company; and
- c. subordinated to the claims of all the Senior Creditors of the Company.

For the purpose of this clause, "parity securities" shall mean any security issued by the Issuer which ranks pari passu with the Debentures.

- d. The company intends to issue debentures at par at a face value of INR 10,00,000.00 each.
- e. Name and Address of the Valuer: As the debentures are to be issued by the company at par, the clause related to the valuation of the Securities is not applicable.
- f. The Company intends to issue Debentures to the tune of INR 100 Crores.
- g. Terms at which company intends to issue the Debentures:

Fixed rate, Unsecured, Rated, Taxable, Redeemable, Subordinated Non-convertible Debentures of face value of Rs. 10,00,000/- each at par in the nature of Subordinated Debt constituting Tier II capital.

The Debentures shall constitute direct, unsecured and subordinated obligations of the Company and the claims of the Investors shall be:

- a. superior to the claims of the investors in instruments eligible for inclusion in Tier I capital of the Company;
- b. pari passu with each other and with any parity securities of the Company; and
- c. subordinated to the claims of all the Senior Creditors of the Company.

For the purpose of this clause, "parity securities" shall mean any security issued by the Issuer which ranks pari passu with the Debentures.

Detailed Term Sheet of the issue is attached as Annexure-1.

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- h. The offer letter would be valid for a period of Six Months from the date of approval from the Board of Directors i.e. 27 October 2015, subject to the terms and conditions as mentioned in Annexure -1.

i. Purpose and Object of the Offer:

The present issue of Debentures is being made for augmenting the Tier-II Capital of the Company for strengthening its capital adequacy and for enhancing the long-term resources of the Company in accordance with the Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions. The Company proposes to increase its resources to meet its requirements of funds to carry on its business operations. The "Main Object Clause" of the Memorandum of Association of the Company enables it to undertake the activities for which the funds are being raised through the present Issue and also the activities which the Company has been carrying on till date. The proceeds of this Issue will be used by the Company for its regular business activities and not for any specific project; hence demarcation of use of funds in the balance sheet of the Company may not be possible.

- j. There are no contributions which are being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.
- k. The Debentures intended to be issued by the Company are in the nature of Subordinate Debt which is unsecured debt. There is no charge to be created on the assets of the company.

3. DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.

- i) There is no financial or other material interest of the directors, promoters or key managerial personnel in the offer.
- ii) Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and no direction have been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action:

State Bank of India (being one of the promoters of the Offeree Company) is involved in legal proceedings including taxation related proceedings, before various courts and other forums in the ordinary course of business and its usual course of banking. The details of contingent liability with respect to

claims against the State Bank of India which is not acknowledged as debt, however as disclosed by State Bank of India in their audited balance sheets for last three years is as under:

(In Crores)

Contingent Liability	31.03.15	31.03.14	31.03.13
Claims against the Bank not acknowledged as debts	14,132.88	13,578.52	6,194.60

Further State Bank of India has also disclosed significant litigations which were pending adjudication as on 30th January 2014 in their QIB document for private placement dated 30th January 2014:

Whilst making such disclosure, the State Bank of India has stated that other than as mentioned below, there have been no proceedings initiated against the Bank which, if adversely determined, might have a material adverse effect on the Bank's financial condition or results of operations. However, the Bank is involved in legal proceedings including taxation related proceedings, before various courts and other forums in the ordinary course of business and its usual course of banking.

1. Jyoti Harshad Mehta, (the "Appellant"), the legal heir of Harshad S. Mehta, has filed four civil appeals bearing nos. 9338 of 2010, 9342 of 2010, 3284 of 2011 and 3286 of 2011 against the Bank and others, before the Supreme Court of India claiming, inter alia, an amount aggregating to Rs. 14.34 billion from the Bank, which was awarded to the Bank vide orders passed by the Special Court constituted under the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992, (the "Special Court") in connection with claims by the Bank of diversion of funds through the accounts held by Harshad Mehta. The Appellant vide the aforementioned civil suits has alleged inter alia that the Bank has (i) made false claims and concealed evidence to deceive the Special Court to obtain decrees in favour of the Bank; (ii) failed to disclose that the Bank had extended a routing facility to Harshad S.Mehta; and (iii) that the Bank and others have deceived the Special Court by acting in collusion with one another. The Bank and the Appellant have filed their respective statements of case with the Supreme Court of India on November 26, 2013 and November 29, 2013, respectively. The matter is pending hearing and final disposal.
2. From the service tax authorities, the Bank has received 15 show cause notices during the quarter ended September 30, 2012 involving an amount aggregating to Rs. 1.20 billion and 27 show cause notices during the

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quarter ended December 31, 2012 involving an amount aggregating to Rs. 1.04 billion. The aforementioned show cause notices are in connection with computation of commission and exchange amount, non-payment of commission received in respect of government transaction, interest on overdraft, cash credit and bills discounting, service tax on nostro, syndication, foreclosure and commitment charges and forex remuneration amongst others. The Bank has replied to each of the aforementioned show cause notices. The matters are pending hearing and final disposal.

3. The Bank has filed suits against the income tax departments before the Bombay High Court, the Income Tax Appellate Tribunal, Mumbai and the Commissioner of Income Tax (Appeals), Mumbai, against the orders passed by the income tax authorities. The aforementioned suits filed by the Bank are in connection with (i) taxability of inter alia interest on accrual/due basis, (ii) disallowance of expenses relating to exempt income under Section 14 A of the IT Act, (iii) broken period interest, (iv) provision towards pension, (v) depreciation of securities, (vi) writeoff on non-rural branch advances, (vii) non-taxability of recovery of bad debts and (viii) non-addition of the provision for standard assets and on restructured assets in computing minimum alternate tax, amongst others, for the assessment years ranging from 1984-1985 to 2011-12, (both inclusive) wherein the net unprovided for tax liability aggregates to an amount of Rs. 33.0 billion. The matters are pending hearing and final disposal.
4. The DCIT and the Assistant Commissioner of Income Tax, Circle 2 (2), Mumbai, have filed five appeals and two appeals respectively, before the Income Tax Appellate Tribunal, Mumbai, against the Bank in connection with the assessment orders passed by the Commissioner of Income Tax (Appeals) II, Mumbai, (the "CIT (A)") and the Commissioner of Income Tax (Appeals) - 5, Mumbai, for assessment under Section 143 (3) of the IT Act, for the assessment years commencing from 1997-1998 to 2004-2005, (both inclusive, excluding 1998-1999), involving an amount aggregating to Rs. 20.90 billion in connection with inter alia, the disallowances permitted under the IT Act, broken period interest, taxation of interest on securities or due basis and deductions under Section 80M of the IT Act. The matters are pending hearing and final disposal.
5. The DCIT has filed an appeal before the Bombay High Court, against the Bank on March 18, 2013, in connection with the order passed by the Income Tax Appellate Tribunal, Mumbai, (the "ITAT"), on October 12, 2012, (the "Order"), involving an amount aggregating to Rs. 1.65 billion in connection with the claim of depreciation made by the Bank for assessment of its taxable income. The Order was passed by the ITAT on appeal by the Bank against the order of the CIT (A), passed in favour of the assessing officer's order for the assessment under Section 143 (3) of the IT Act, for

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the assessment year 2001-2002. The matter is pending hearing and final disposal.

6. Samsuddin Chhataria and others, (collectively, the "Plaintiffs"), have filed a Special Civil Suit bearing no. 39 of 2010 before the Court of Principal Senior Civil Judge, Bhavnagar, (the "Suit"), against a consortium of banks including the Bank, (the "Defendants") alleging inter alia, a shortfall in the disbursement of working capital and a contractual breach by certain defendants including the Bank, resulting into failure of a project. The Plaintiffs vide the Suit have prayed that a decree be passed against the Defendants for an amount aggregating to Rs. 2.47 billion along with interest at the rate of 12% p.a. from the date of the Suit till realization. The Bank amongst others, has filed its written statement praying that the suit be dismissed as the same is time barred and without proper jurisdiction. The matter is pending hearing and final disposal.

GE Capital (Mauritius) Overseas Investment (another promoter) do not have any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority.

iii) No Remuneration has been paid to the directors. Only the sitting fee for attending Board/Committee Meetings is paid to the Directors.

iv) Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided:

The details have been provided in Annexure 2

v) There are no Reservations or Qualifications or Adverse Remarks of Statutory Auditors of the Company in the last five financial years immediately preceding the year of circulation of the Offer Letter except in the financial year 2011-12,

1. Para (iv) of the annexure to the Auditor's Report says as under:

"There is an adequate internal control system in current year commensurate with the size of the company and the nature of its business, however reconciliation during the year highlighted the differences in the net earning assets (NEA) and service tax payable for earlier years. These differences are due to incorrect mapping from Subsidiary Ledger(Vision +) to General ledger; difference in the transaction code summary and the NEA report (R16) total primarily for the year 2000 and 2001 for which root cause analyses could not be performed due to non-availability of data for those years; incorrect amortization of interest on loans in sub-system (IRR); incorrect deposit

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of service tax on account of recoveries from delinquent customers for the period 2008-09 to 2010-11 and incorrect computation of service tax payable for the period 2006-07 and 2007-2008."

In response to the above para; Directors' in the Directors' Report stated, "During the year, company further strengthened its reconciliation processes which have helped to find out the differences in past. The Company has taken necessary steps to rectify aforementioned differences by writing off differences in Net Earning Assets' reconciliation, payment of appropriate service tax and writing back excess provision in service tax accrual account."

2. Para (ix) (a) of the Annexure to the Auditors' Report:

"The Statutory dues including Provident fund, Income tax, Sales-tax, Wealth tax, Customs duty dues have been generally regularly deposited during the year by the Company with the appropriate authorities *except Interest on Service Tax of Rs. 168,960,267 up to 31.03.2012 pertaining to years 2006 to 2008* which has been paid on 27.04.2012."

In response to the above para; Directors' in the Directors' Report stated, "The Company has duly paid Interest on Service Tax of Rs. 168,960,267 up to 31.03.2012 pertaining to years 2006 to 2008 on 27.04.2012. Also, the Company had made the provision for Interest payment of Rs. 16.90 crore in its books as on March 31, 2012."

3. Para (ix) (b) of the Annexure to the Auditors' Report:

"No material undisputed amounts payable in respect of Provident fund, Sales-tax, Wealth tax, Customs duty, *except interest on service tax of Rs.146, 668,261 (up to 30.09.2011) pertaining to service tax payable for the year 2006-2008 were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable and the same has been paid on 27.04.2012.*"

In response to the above para; Directors' in the Directors' Report stated, "Aforesaid interest on Service Tax was determined in March'12 and accordingly the payment was made on 27.04.2012. The Company has paid all the statutory dues till 31.03.2012 including this Interest on Service Tax pertaining to years from 2006 to 2008."

4. Para (x) of the Annexure to the Auditors' Report:

"*The accumulated losses are more than fifty percent of the net worth of the Company as at 31st March, 2012.*"

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In response to the above para; Directors' in the Directors' Report stated, "The Company has not incurred cash losses during the current financial year and in the immediately preceding year and the net worth of the Company has improved in comparison to the previous Financial Year. The Company made profits in the year ending March'11, 2011 & 2012 which resulted in reduction of accumulated losses from Rs. 556 crore as on 31st March'10 to Rs. 520 crore on 31st March'12."

5. Para (xxi) of the Annexure to the Auditors' Report:

"The total amount involved in fraudulent usage of credit cards issued by the Company was Rupees 17,288,256 (previous year Rs.14, 834,524)."

In response to the above para; Directors' in the Directors' Report stated, "The Company is making all possible efforts to curb Fraud Loss. In the current year Company has adopted a robust Fraud Loss Policy. As a result of various efforts made by the Company, the Gross Fraud Loss to Sales ratio remained consistent in the period FY 2011-2012 and FY 2010-2011 to ~ 2.6 bps and the ratio stands at 2 bps for Q1'2012 which is favorable compared to industry trends."

vi) There has been no inquiry, inspection or investigation initiated or conducted under Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter.

vii) There are certain instances of the customer frauds on the company which have been reported during the year. These primarily relate to fraudulent usage of credit cards issued by the company. The total fraud loss booked amount involved in these frauds amount to Rs 2.62 Crores (2014-15), Rs 2.51 Crores (2013-14) and Rs 1.84 Crores (2012-13). The Company has internal Fraud Control Unit to monitor and prevent frauds.

4. FINANCIAL POSITION OF THE COMPANY:

i. a. The Capital Structure of the Company is as follows:

Particulars	Amount as on 31-Mar-2015	Amount as on 31-Mar-2014	Amount as on 31-Mar-2013
Authorized Share Capital 1,000,000,000 Equity Shares of Rs 10 Each	10,000,000,000	10,000,000,000	10,000,000,000
Issued, Subscribed & Fully Paid-up 785,000,002 Equity Shares of Rs 10 Each	7,850,000,020	7,850,000,020	7,850,000,020

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b. The size of the present issuance of Debentures is Rs. 100 Crores. The present issue of Debentures will have no bearing on the capital structure of the Company, as aforesaid.

ii. The details of existing share capital indicating the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration is as under:

SHAREHOLDING PATTERN OF THE COMPANY AS ON 31st JANUARY 2016

Name of Shareholders	% age Holding	Total No. of Equity Shares of Rs 10 Each
State Bank of India	60%	471,000,002
GE Capital (Mauritius) Overseas Investment	40%	314,000,000
Total	100%	785,000,002

ALLOTMENT DETAILS:

S.No.	Date of Allotment	No. of Shares Allotted	Face Value of Shares Allotted	Price	Form of Consideration
1	15-May-98	2.00	INR 10.00	INR 10.00	Cash
2	14-Sep-98	6,000,000.00	INR 10.00	INR 10.00	Cash
3	18-Nov-98	4,000,000.00	INR 10.00	INR 10.00	Cash
4	26-Mar-99	8,000,000.00	INR 10.00	INR 10.00	Cash
5	29-Jun-99	12,000,000.00	INR 10.00	INR 10.00	Cash
6	27-Aug-99	20,000,000.00	INR 10.00	INR 10.00	Cash
7	5-Nov-99	50,000,000.00	INR 10.00	INR 10.00	Cash
8	30-Mar-07	150,000,000.00	INR 10.00	INR 10.00	Cash
9	29-Dec-07	200,000,000.00	INR 10.00	INR 10.00	Cash
10	24-Dec-08	60,000,000.00	INR 10.00	INR 10.00	Cash
11	23-Mar-09	50,000,000.00	INR 10.00	INR 10.00	Cash
12	31-Aug-09	50,000,000.00	INR 10.00	INR 10.00	Cash
13	20-Nov-09	50,000,000.00	INR 10.00	INR 10.00	Cash

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14	15-Mar-10	30,000,000.00	INR	10.00	INR	10.00	Cash
15	30-Jun-10	30,000,000.00	INR	10.00	INR	10.00	Cash
16	30-Mar-11	65,000,000.00	INR	10.00	INR	10.00	Cash

ii. Profits of the Company before and after provision of Tax are as follows:

Particulars	31-Mar-15	31-Mar-14	31-Mar-13
	(audited)	(audited)	(audited)
Profit before Tax (In CR)	270.67	293.09	135.51
Profit after Tax (In Cr)	266.69	293.09	136.32

iii. Company has paid an interim dividend of Rs. 0.50 (i.e. 5 %) per equity share (last year nil per equity share) during the financial year ended March 31, 2015, amounting to Rs. 392,500,001 and Tax on the same amounting to Rs. 78,476,912 aggregating to Rs. 470,976,913. No Dividend has been paid by the company in financial years 2013-14 and 2012-13.

The Interest Coverage Ratio for the last three years is being as follows:

Interest Coverage Ratio			Rs. In Crores
	2014-15	2013-14	2012-13
Earnings Before Interest & Tax	643.49	593.34	345.61
Interest for the Year	372.83	300.26	210.10
Interest Coverage Ratio (times)	1.72	1.97	1.64

iv. A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter are as under:

(Amt in Crores)

	31-Mar-15	31-Mar-14	31-Mar-13
	Audited	Audited	Audited
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	785.00	785.00	785.00
Reserves and surplus	180.63	(39.02)	(332.00)
	965.63	745.98	453.00
Non-current liabilities			
Long-term borrowings	240.74	140.73	225.42
Long-term provisions	31.82	21.70	15.99
	272.56	162.43	241.41
Current liabilities			
Short-term borrowings	4,458.52	3,356.97	2,578.07
Trade payables	90.51	7.59	16.68
Other current liabilities	151.10	286.71	76.71
Short-term provisions	236.86	175.28	127.30
	4,936.99	3,826.54	2,798.76
	6,175.18	4,734.94	3,493.17
ASSETS			
Fixed assets			
Tangible assets	1.62	1.40	1.19
	1.62	1.40	1.19
Deferred tax asset (net)	99.29	-	-
Long-term loans and advances	534.66	540.67	389.17
Current assets			
Cash and cash equivalents	209.36	161.96	83.67
Short-term loans and advances	5,296.04	3,967.57	2,969.81
Other current assets	34.21	63.34	49.33
	5,539.61	4,192.87	3,102.81
	6,175.18	4,734.94	3,493.17

For Private Circulation Only

	31-Mar-15	31-Mar-14	31-Mar-13
	Audited	Audited	Audited
INCOME			
Revenue from operations	1,804.74	1,436.77	1,006.70
Other income	100.74	73.64	52.53
Total Income	1,905.48	1,510.41	1,059.23
EXPENDITURE			
Employee benefit expenses	62.52	54.66	45.00
Finance cost	372.83	300.26	210.10
Depreciation and Amortisation expenses	0.78	0.71	0.75
Operating and other expenses	965.62	690.16	546.31
Bad debts written off / Provision for doubtful debt	233.07	172.78	121.56
Total expenses	1,634.81	1,218.56	923.72
Profit before tax & prior period items	270.67	291.85	135.51
Prior Period Item - Interest on income tax refunds	-	1.24	-
Profit before tax	270.67	293.09	135.51
Tax expense			
Current tax charge / (credit)	65.55	80.73	17.79
Current tax charge / (credit) - previous year	-	0.43	-
MAT Credit	37.16	(80.73)	(18.60)
MAT previous year	(5.03)	(0.43)	-
MAT Credit - previous year	5.59	-	-
Deferred tax charge / (credit)	(99.29)	-	-
Profit (loss) for the period from continuing operations	266.69	293.09	136.32

- v. Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter could be found in Annexure 3;
- vi. Yearly changes in the accounting policies and their impact on profit has been elaborated as under:

Year 2014-15:

During the year ending on 31st March'15, the Company has made certain changes in accounting policies. The policy changes have resulted in to lower profit by Rs.1,071,897,348/- with following details:-

i) Till 31 March 2014 the productive sales force compensation, card acquisition cost (sales service provider expenses, incentives related to card acquisition, credit investigation cost and application printing cost), consumption of plastic cards and delivery charges were amortised over a period of one year.

During current year (w.e.f 1 April 2014), the company has changed its policy, basis the opinion received from The Institute of Chartered Accountants of India on 16th April'2015, to recognise the productive sales force compensation, card acquisition cost (sales service provider expenses, incentives related to card acquisition, credit investigation cost and application printing cost), consumption of plastic cards and delivery charges on accrual basis. As a result of this change in accounting policy profit before tax for the current year is lower by Rs 557,589,400/-

SBI Cards & Payment Services Pvt. Ltd.

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Haryana, India

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Website: sbicard.com

Registered Office :
Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower,
E 1,2,3, Netaji Subhash Place, Wazirpur, New Delhi - 110034
CIN: U65999DL1998PTC093849

For Private Circulation Only

ii) Till 31 March 2014 joining membership fee and first annual fee were recognised over a period of one year and renewal membership fees was recognised on accrual basis.

During current year (w.e.f. 1 April 2014), the company has changed its policy, basis the opinion received from The Institute of Chartered Accountants of India on 16th April'2015, to recognise the first annual membership fee and renewal membership fee over a period of one year and joining fee on accrual basis. As a result of this change in accounting policy profit before tax for the current year is lower by Rs 348,840,963/-

iii) NPA classification has been changed from 120 days to 90 days past due. A provision @ 25% is created for the principal amount outstanding for the customers in 90 to 120 days past due category. This has resulted into additional provision of Rs 75,811,726/- for the year ending on 31st March' 2015.

iv) The income is de-recognised for all those customers in 90 to 120 days past due category which was earlier being de-recognised at 120 days past due. This has resulted into additional income de-recognition for Rs.89,375,221/- for the year ending on 31st March' 2015.

v) Pursuant to Companies Act, 2013 being effective from 1 April 2014, the Company has revised depreciation rates on tangible fixed assets as per the useful lives specified in Part 'C' of Schedule II of the Companies Act, 2013. As a result of this change, the depreciation charge for the year ended 31 March 2015 is higher by Rs 280,038/-

Year 2013-14:

During the year ending on 31st March'14, the Company has made certain changes in accounting policies. The policy changes have resulted in to lower profit by Rs.334,291,751 with following details:-

i) NPA classification has been changed from 180 days to 120 days past due. A provision @ 25% is created for the principal amount outstanding for the customers in 120 to 180 days past due category. This has resulted into additional provision of Rs 105,962,688/- for the year ending on 31st March'14.

ii) The income is de-recognised for all these customers in 120 to 180 days past due category which was earlier being de-recognised at 180 days past due. This has resulted into additional income de-recognition for Rs.151,015,822/- for the year ending on 31st March'14.

iii) The rate of Standard Asset Provision has been increased from 0.25% to 0.40%. This has resulted into additional provision of Rs.64,926,481/- for the year ending on 31st March'14.

iv) Till 31st March 2013, Stale cheques including CBR Credits, unidentified credits & other trade liabilities outstanding for more than three years were being recognised as income. Income recognition has been discontinued for these cases. This has resulted into reduced income by Rs 12,386,760 for the year ending on 31st March'14.

Year 2012-13:

The accounts of the customers making payment of the minimum amount due on or before the due date of the billing cycle and for customers defaulting up to 180 days are classified as standard assets. Till 31st March'12 provision for non-performing assets was recognised for amounts outstanding between 181 and 540 days past due by netting off the expected recoveries, computed on the basis of past recovery trends on accounts in 180+ days past due bucket. The company has changed this provisioning policy in the year ending on 31st March'13 and now the Company writes off all the amounts overdue for more than 180 days. This policy change has resulted into additional write off of Rs 97,529,458 in the year ending on 31st March'13. 100% provision is recognised in respect of receivables identified as cases of fraud & insolvent.

5. A DECLARATION BY THE DIRECTORS THAT-



- the company has complied with the provisions of the Act and the rules made thereunder;
- the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;
- the monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter;

I am authorized by the Board of Directors of the Company vide resolution number 27 October 2015 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Date: 24/2/16

Place: Delhi


(Rishabh Gupta)
(CFO)
(Deepak Goswami)
(FC) Signed**Attachments:-**

Copy of board resolution

Copy of shareholders resolution

Annexure 1, Annexure 2, Annexure 3