SBI CARDS AND PAYMENT SERVICES LIMITED

Our Company was incorporated as "SBI Cards and Payment Services Private Limited" on May 15, 1998, as a private limited company under the Companies Act, 1956, at New Delhi, with a certificate of incorporation granted by the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi ("**RoC**"). On the conversion of our Company to a public limited company pursuant to a special resolution passed by our shareholders on August 2, 2019, our name was changed to "SBI Cards and Payment Services Limited" and a fresh certificate of incorporation dated August 20, 2019 was issued by the RoC. For details of the change in the registered office of our Company, see "***History and Certain Corporate Matters***" on page 163.

Corporate Identity Number: U65999DL1998PLC093849
Registered Office: Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower E-1,2,3, Netaji Subhash Place, Wazirpur, New Delhi 110 034, India; **Tel**: +91 (11) 6126 8100
Corporate Office: 2nd Floor, Tower-B, Infinity Towers, DLF Cyber City, Block 2 Building 3, DLF Phase 2, Gurugram, Haryana 122 002, India; **Tel**: +91 (124) 458 9803
Contact Person: Ms. Payal Mittal Chhabra, Company Secretary and Compliance Officer; **Tel**: +91 (124) 458 9803
E-mail: investor.relations@sbicard.com; **Website**: www.sbicard.com

OUR PROMOTER: STATE BANK OF INDIA

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF SBI CARDS AND PAYMENT SERVICES LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●]* PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION, COMPRISING A FRESH ISSUE OF [●] EQUITY SHARES BY OUR COMPANY AGGREGATING TO ₹ 5,000 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 130,526,798 EQUITY SHARES (THE "OFFERED SHARES") AGGREGATING UP TO ₹ [●] MILLION, INCLUDING UP TO 37,293,371 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY STATE BANK OF INDIA ("SBI") ("PROMOTER SELLING SHAREHOLDER") AND UP TO 93,233,427 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY CA ROVER HOLDINGS ("CA ROVER") ("INVESTOR SELLING SHAREHOLDER" AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDER, THE "SELLING SHAREHOLDERS" AND SUCH OFFER, THE "OFFER FOR SALE" AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER").

THE OFFER INCLUDES A RESERVATION OF UP TO 1,864,669 EQUITY SHARES, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREINAFTER) (THE "EMPLOYEE RESERVATION PORTION") AND A RESERVATION OF UP TO 13,052,680 EQUITY SHARES, FOR SUBSCRIPTION BY SBI SHAREHOLDERS (AS DEFINED HEREINAFTER) (THE "SBI SHAREHOLDERS RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION AND THE SBI SHAREHOLDERS RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER", AGGREGATING UP TO [●] EQUITY SHARES. THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND [●]% OF THE POST-OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY, RESPECTIVELY.

THE PRICE BAND, THE RUPEE AMOUNT OF DISCOUNT, IF ANY, TO THE ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT") AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BRLMs AND WILL BE ADVERTISED IN [●] EDITIONS OF THE [●] AND [●] EDITIONS OF THE [●] (WHICH ARE WIDELY CIRCULATED ENGLISH NATIONAL DAILY AND WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPERS RESPECTIVELY, HINDI ALSO BEING THE REGIONAL LANGUAGE OF NEW DELHI, WHERE OUR REGISTERED OFFICE IS SITUATED) AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE" AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.

**Our Company and the Selling Shareholders in consultation with the BRLMs, may offer a discount of up to [●]% of the Offer Price to Eligible Employees bidding in the Employee Reservation Portion.*

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES

In case of a revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after such revision of the Price Band subject to the Bid/Offer Period not exceeding a total of 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Selling Shareholders, in consultation with the BRLMs, may for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to Designated Intermediaries and the Sponsor Bank.

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the "**SCRR**") read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**"). The Offer is being made through the Book Building Process, in compliance with Regulation 6(1) of the SEBI ICDR Regulations, where not more than 50% of the Offer will be Allotted on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Category**"), provided that our Company and the Selling Shareholders in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis (the "**Anchor Investor Portion**"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which Equity Shares are allocated to Anchor Investors. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer shall be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Bidders (other than Anchor Investors) shall mandatorily participate in this Offer through the Application Supported by Block Amount ("**ASBA**") process, and shall provide details of their respective bank account (including UPI ID for Retail Individual Investors using UPI Mechanism) in which the Bid Amount will be blocked by the SCSBs or the Sponsor Bank, as the case may be. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see, "***Offer Procedure***" on page 404.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 and the Floor Price and Cap Price are [●] times and [●] times the face value of the Equity Shares, respectively. The Offer Price and the Price Band (as decided by our Company and the Selling Shareholders, in consultation with the BRLMs) in accordance with the SEBI ICDR Regulations, and as stated in "***Basis for Offer Price***" on page 93, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "***Risk Factors***" on page 28.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each of the Selling Shareholders, severally and not jointly, accept responsibility for only such statements confirmed or undertaken by such Selling Shareholders in this Draft Red Herring Prospectus to the extent such statements pertain to such Selling Shareholder and/or its portion of the Offered Shares and confirms that such statements are true and correct in all material respects and are not misleading in any material respect. However, each Selling Shareholder, severally and not jointly, does not assume any responsibility for any other statements, including without limitation, any and all of the statements made by or in relation to our Company or the other Selling Shareholders in this Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and NSE. We have received in-principle approvals from the BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purpose of this Offer, [●] is the Designated Stock Exchange. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see *"**Material Contracts and Documents for Inspection**"* on page 480.

BOOK RUNNING LEAD MANAGERS

Kotak Mahindra Capital Company Limited 1st Floor, 27 BKC, Plot No. C – 27 "G" Block, Bandra Kurla Complex Bandra (East), Mumbai 400 051 Maharashtra, India Telephone: +91 22 4336 0000 E-mail: sbicard.ipo@kotak.com Investor Grievance E-mail: kmccredressal@kotak.com Website: www.investmentbank.kotak.com Contact Person: Mr. Ganesh Rane SEBI Registration No.: INM000008704	**Axis Capital Limited** Axis House, Level 1 C-2 Wadia International Centre P. B. Marg, Worli, Mumbai 400 025 Maharashtra, India India Telephone: +91 22 4325 2183 E-mail: sbicards.ipo@axiscap.in Investor Grievance E-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Ms. Simran Gadh SEBI Registration No.: INM000012029	**DSP Merrill Lynch Limited** Ground Floor, "A" Wing One BKC, "G" Block Bandra Kurla Complex Bandra (East), Mumbai 400 051 Maharashtra, India Telephone: +91 22 6632 8000 E-mail: dg.sbicard_ipo@bofa.com Investor Grievance E-mail: dg.india_merchantbanking@bofa.com Website: www.ml-india.com Contact Person: Mr. Ahmed Kolsawala SEBI Registration No.: INM000011625	**HSBC Securities and Capital Markets (India) Private Limited** 52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001 Maharashtra, India Telephone: +91 22 2268 5555 E-mail: sbicardipo@hsbc.co.in Investor Grievance E-mail: investorgrievance@hsbc.co.in Website: https://www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback Contact Person: Ms. Sanjana Maniar SEBI Registration No.: INM000010353

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
Nomura Financial Advisory and Securities (India) Private Limited Ceejay House, Level 11, Plot F Shivsagar Estate Dr. Annie Besant Road, Worli Mumbai 400 018, Maharashtra, India Telephone: +91 22 4037 4037 Email: sbicardipo@nomura.com Investor grievance e-mail: investorgrievances-in@nomura.com Website:www.nomuraholdings.com/company/group/asia/india/index.html Contact person: Mr. Vishal Kanjani/Mr. Sandeep Baid SEBI Registration No.: INM000011419	**SBI Capital Markets Limited*** 202, Market Tower 'E' Cuffe Parade, Mumbai 400 005 Maharashtra, India Telephone: +91 22 2217 8300 E-mail: sbicard.ipo@sbicaps.com Investor Grievance E-mail: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Mr. Sambit Rath/ Mr. Karan Savardekar SEBI Registration No.: INM000003531	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai – 400 083 Maharashtra, India Telephone: +91 22 4918 6200 Email: sbicard.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Shanti Goplakrishnan SEBI Registration No: INR000004058

BID/OFFER PERIOD

BID/OFFER OPENS ON**	[●]	BID/OFFER CLOSES ON***	[●]

* *SBI is proposing to participate as a Selling Shareholder in the Offer for Sale. SBI Capital Markets Limited ("SBICAP") has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. SBI and SBICAP are associates in terms of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended (the "SEBI Merchant Bankers Regulations"). Accordingly, in compliance with the proviso to Regulation 21A of the SEBI Merchant Bankers Regulations and Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.*

***Our Company and the Selling Shareholders in consultation with the BRLMs may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*

*** *Our Company and the Selling Shareholders in consultation with the BRLMs may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date.*

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TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies or unless otherwise specified, the following terms and abbreviations have the following meanings in this Draft Red Herring Prospectus, and references to any statute or rules or guidelines or regulations or circulars or notifications or policies will include any amendments, clarifications, modifications, replacements or re-enactments thereto, from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

The words and expressions used in this Draft Red Herring Prospectus, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, and the Depositories Act and the rules and regulations made thereunder.

Company Related Terms

Term	Description
"the Company", "our Company" or "the Issuer"	SBI Cards and Payment Services Limited, a public limited company incorporated in India under the Companies Act, 1956 with its registered office at Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower E-1,2,3, Netaji Subhash Place, Wazirpur, New Delhi 110 034, India
"we", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company
AoA/ Articles of Association/ Articles	The articles of association of our Company, as amended
Audit Committee	The audit committee of our Board, as described in *"**Our Management**"* on page 170
Auditors/ Statutory Auditors	The statutory auditors of our Company, being S. Ramanand Aiyar & Co.
Bank Distribution Agreement	Agreement dated October 26, 2013, and amendment to such agreement dated November 20, 2019 executed amongst SBI and our Company
Board/ Board of Directors	The board of directors of our Company, or a duly constituted committee thereof
Cash Management Services Agreement	Agreement for cash management services dated June 27, 2018, executed amongst SBI and our Company, whose term has been extended by way of an agreement dated May 24, 2019
CA Rover	CA Rover Holdings, which is an entity ultimately controlled by the Carlyle group
Chairman	Chairman of our Company
Chief Financial Officer/ CFO	Chief financial officer of our Company
Compliance Officer	The compliance officer of our Company in relation to the Offer
Corporate Office	The corporate office of our Company, situated at 2nd Floor, Tower-B, Infinity Towers, DLF Cyber City, Block 2 Building 3, DLF Phase 2, Gurugram, Haryana 122 002, India
CSP MoU	Memorandum of understanding dated March 16, 2016, executed amongst SBI and our Company
CSR Committee	The Corporate Social Responsibility committee of our Board, as described in *"**Our Management**"* on page 170
Director(s)	The director(s) on our Board of Directors
Equity Shares	The equity shares of our Company of face value of ₹ 10 each
Electronic Transfer Agreement	Memorandum of agreement for electronic transfer between SBI and our Company dated March 29, 2017 and the terms extended by way of an addendum agreement dated March 8, 2018
GE Capital	GE Capital Mauritius Overseas Investments
Group Companies	In terms of SEBI ICDR Regulations, the term "group companies" includes companies (other than our Promoter) with which there were related party transactions as disclosed in the Restated Financial Statements as covered under the applicable accounting standards, and any other companies as considered material by our Board, in accordance with the Materiality Policy, as described in "***Our Group Companies***" on page 196
Independent Director	Independent director(s) on our Board and eligible to be appointed as independent directors under the provisions of the Companies Act and the SEBI Listing

Term	Description
	Regulations. For details of the Independent Directors, see "***Our Management***" on page 170
Investor Selling Shareholder	CA Rover
IPO Committee	The IPO committee of our Board constituted to facilitate the process of the Offer
KMP/ Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in "***Our Management***" on page 170
Licensing Agreement	Licencing agreement dated September 7, 2009 executed amongst SBI and our Company as amended by Amendment to Licensing Agreement dated July 21, 2017 and Amendment Agreement to Licensing Agreement dated November 19, 2019
Managing Director and Chief Executive Officer	Managing director and chief executive officer of our Company
Materiality Policy	The policy adopted by our Board on November 11, 2019 for identification of Group Companies, material outstanding litigation and outstanding dues to material creditors, in accordance with the disclosure requirements under the SEBI ICDR Regulations
MoA/ Memorandum of Association	The memorandum of association of our Company, as amended
NCDs	Non-convertible debentures issued by our Company from time to time
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, as described in *"**Our Management**"* on page 170
Promoter Group	The persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as described in "***Our Promoter and Promoter Group***" on page 189
Promoter/ Promoter Selling Shareholder	Promoter of our Company, being, SBI
Registered Office	The registered office of our Company, situated at Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower E-1,2,3, Netaji Subhash Place, Wazirpur, New Delhi 110 034, India
Restated Financial Statements	The restated financial statement of our Company as of and for the six months period ended September 30, 2019 and September 30, 2018 and as of and for the financial years ended March 31, 2019, March 31, 2018 and March 31, 2017, and the related notes, schedules and annexures thereto, prepared in accordance with applicable provisions of the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations and included in "***Financial Statements***" on page 203
Risk Management Committee	The risk management committee of our Board, as described in *"**Our Management**"* on page 170
RoC/ Registrar of Companies	Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi
SBI	State Bank of India
SBI UPI Agreement	Agreement dated September 14, 2017, executed amongst SBI and our Company
SBIBPMSL	SBI Business Process and Management Services Limited, previously known as GE Capital Business Process Management Services Private Limited, which amalgamated with our Company pursuant to the Scheme of Amalgamation
SBIC ESOP Scheme	SBI Card Employee Stock Option Plan, 2019, approved by a resolution of our Board dated January 16, 2019 and a special resolution of our Shareholders adopted at the meeting held on February 22, 2019
Scheme of Amalgamation	Scheme of amalgamation under sections 230 and 232 of the Companies Act, 2013 which provided for amalgamation of SBIBPMSL with our Company, as approved by our Board on July 31, 2018
Selling Shareholders	Together, the Promoter Selling Shareholder and the Investor Selling Shareholder
Shareholders	The holders of the Equity Shares from time to time
Shareholders' Agreement/ SHA	Shareholders agreement dated July 21, 2017, executed amongst our Company, SBI, CA Rover and SBIBPMSL, amended by way of amendment letters dated March 4, 2019 and August 2, 2019, respectively

Term	Description
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board, as described in *"**Our Management**"* on page 170

Offer Related Terms

Term	Description
Acknowledgment Slip	The slip or document issued by the respective Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
Allot/ Allotment/ Allotted	Unless the context otherwise requires, allotment of Equity Shares pursuant to the Fresh Issue and transfer of Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale to successful Bidders
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A QIB, who applies under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and this Draft Red Herring Prospectus
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs
Anchor Investor Bidding Date	The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which BRLMs will not accept any Bids from Anchor Investors and allocation to the Anchor Investors shall be completed
Anchor Investor Offer Price	The final price at which Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be a price equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by our Company and the Selling Shareholders in consultation with the BRLMs, to Anchor Investors, on a discretionary basis in accordance with the SEBI ICDR Regulations. One third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors, which price shall be determined by the Company and the Selling Shareholders in consultation with the BRLMs
Application Supported by Blocked Amount/ ASBA	An application (whether physical or electronic) by a Bidder (other than Anchor Investors) to make a Bid authorizing the relevant SCSB to block the Bid Amount in the relevant ASBA Account and will include application made by RIIs using UPI, where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIIs
ASBA Account	A bank account maintained with an SCSB and specified in the Bid cum Application Form which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by a Bidder (other than a Bid by an Anchor Investor) and includes a bank account maintained by a Retail Individual Investor linked to a UPI ID, which will be blocked in relation to a Bid by a Retail Individual Investor Bidding through the UPI Mechanism
ASBA Bidder(s)	All Bidders except Anchor Investors
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders bidding through the ASBA process, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Axis	Axis Capital Limited
Banker(s) to the Offer	Collectively, the Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s) and the Sponsor Bank

Term	Description
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, as described in "***Offer Procedure***" on page 404
Bid	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder, or on the Anchor Investor Bidding Date by an Anchor Investor pursuant to submission of a Bid cum Application Form, to subscribe to or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term 'Bidding' shall be construed accordingly
Bid Amount	The highest value of the Bids as indicated in the Bid cum Application Form and payable by the Bidder or as blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid in the Offer. However, Eligible Employees applying in the Employee Reservation Portion can apply at the Cut-off Price and the Bid amount shall be Cap Price net of Employee Discount, multiplied by the number of Equity Shares Bid for by such Eligible Employee and mentioned in the Bid cum Application Form
Bid cum Application Form	The form in terms of which the Bidder shall make a Bid, including an ASBA Form, and which shall be considered as the application for the Allotment of Equity Shares pursuant to the terms of the Red Herring Prospectus and the Prospectus
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in [●] editions of the [●] and [●] editions of the [●] (which are widely circulated English national daily and widely circulated Hindi national daily newspapers respectively, Hindi also being the regional language of New Delhi, where our Registered Office is located). In case of any revisions, the extended Bid/Offer Closing Date will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the other members of the Syndicate. Our Company and the Selling Shareholders in consultation with the BRLMs may consider closing the Bid/Offer Period for the QIB Category one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being [●], which shall be published in [●] editions of the [●] and [●] editions of the [●] (which are widely circulated English national daily and widely circulated Hindi national daily newspapers respectively, Hindi also being the regional language of New Delhi, where our Registered Office is located)
Bid/Offer Period	Except in relation to Bids received from the Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations and the terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, being the Designated SCSB Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
BofA Securities	DSP Merrill Lynch Limited
Book Building Process	The book building process as described in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers/ BRLMs	The book running lead managers to the Offer, in this case being Kotak, Axis, BofA Securities, Nomura, HSBC and SBICAP. SBI is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. SBI and SBICAP are associates in terms of the SEBI

Term	Description
	Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A of the SEBI Merchant Bankers Regulations and Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer
Broker Centres	Broker centres of the Registered Brokers where Bidders (other than Anchor Investors) can submit the ASBA Forms (in case of RIIs only ASBA Forms under UPI) to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bidding Date
Cap Price	The higher end of the Price Band above which the Offer Price and Anchor Investor Offer Price will not be finalized and above which no Bids will be accepted, including any revisions thereof
Circulars on Streamlining of Public Issues	Circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI, as amended by circular (SEBI/HO/CED/DIL/CIR/2016/26) dated January 21, 2016 and circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 as amended or modified by SEBI from time to time, including circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019 and any other circulars issued by SEBI or any other governmental authority in relation thereto from time to time
Client ID	Client identification number of the Bidder’s beneficiary account
Collecting Depository Participants/ CDPs	A depository participant, as defined under the Depositories Act, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
CRISIL	CRISIL Limited
CRISIL Research	A division of CRISIL
Cut-off Price	The Offer Price, finalized by our Company and the Selling Shareholders in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Bidders, Eligible Employees under the Employee Reservation Portion and SBI Shareholders Bidding under the SBI Shareholders Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) are entitled to Bid at the Cut-off Price. SBI Shareholders applying for the Bid Amount above ₹ 200,000 under the SBI Shareholders Reservation Portion, respectively, and QIBs (including Anchor Investors) and Non-Institutional Investors, are not entitled to Bid at the Cut-off Price.
Demographic Details	The details of the Bidders including the Bidder’s address, name of the Bidder’s father/husband, investor status, occupation, and bank account details and UPI ID, as applicable
Designated CDP Locations	Such locations of the Collecting Depository Participants where Bidders (except Anchor Investors) can submit the ASBA Forms (in case of RIIs only ASBA Forms under UPI). The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the respective websites of the Stock Exchanges and updated from time to time
Designated Date	The date on which the funds from the Escrow Account are transferred to the Public Offer Account or the Refund Account, as appropriate, and the relevant amounts blocked in the ASBA Accounts are transferred to the Public Offer Account(s) and /or are unblocked, as applicable, in terms of the Red Herring Prospectus and the Prospectus, after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Offer

Term	Description
Designated Intermediaries	In relation to ASBA Forms submitted by RIIs authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIIs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs. In relation to ASBA Forms submitted by QIBs NIIs, Eligible Employees, SBI Shareholders Bidding under the SBI Shareholders Reservation Portion, Designated Intermediaries shall mean SCSBs, Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs
Designated RTA Locations	Such centres of the RTAs where Bidders (except Anchor Investors) can submit the ASBA Forms (in case of RIIs only ASBA Forms under UPI). The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	[●]
Distributor	A firm that offers and/or recommends investment products and services to clients, as defined by the MiFID II Product Governance Requirements.
Draft Red Herring Prospectus/ DRHP	This draft red herring prospectus dated November 26, 2019 filed with the SEBI and Stock Exchanges and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares are offered and the size of the Offer, and includes any addenda or corrigenda thereto
Eligible Employees	All or any of the following: (a) a permanent employee of our Company or our Promoter (SBI), working in India or outside India, (excluding such employees who are not eligible to invest in the Offer under applicable laws) as of the date of filing of the Red Herring Prospectus with the RoC and who continues to be a permanent employee of our Company or our Promoter (SBI), until the submission of the Bid cum Application Form; and (b) a Director of our Company, whether whole time or not, who is eligible to apply under the Employee Reservation Portion under applicable law as on the date of filing of the Red Herring Prospectus with the RoC and who continues to be a Director of our Company, until the submission of the Bid cum Application Form, but not including Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Company. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000. Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000
Eligible FPIs	FPIs that are eligible to participate in this Offer in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible NRI(s)	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus and the Bid Cum Application Form constitutes an invitation to subscribe or purchase for the Equity Shares

Term	Description
Employee Discount	Our Company and the Selling Shareholders in consultation with the BRLMs, may offer a discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees and which shall be announced at least two Working Days prior to the Bid / Offer Opening Date
Employee Reservation Portion	The portion of the Offer being up to 1,864,669 Equity Shares, available for allocation to Eligible Employees, on a proportionate basis
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank for the Offer and in whose favour the Anchor Investors will transfer money through direct credit or NEFT or RTGS or NACH in respect of the Bid Amount when submitting a Bid
Escrow and Sponsor Bank Agreement	The agreement to be entered into amongst our Company, the Selling Shareholders, the Registrar to the Offer, Syndicate Members, the BRLMs, and Banker(s) to the Offer for collection of the Bid Amounts from Anchor Investors and where applicable remitting refunds, if any, to such Bidders, on the terms and conditions thereof
Escrow Collection Bank	A bank, which is a clearing member and registered with SEBI as a banker to an issue under the SEBI BTI Regulations and with whom the Escrow Account will be opened.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name appears as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revisions thereof, at or above which the Offer Price and Anchor Investor Offer Price will be finalized and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
Fresh Issue	Fresh issue of [●] Equity Shares by our Company aggregating to ₹ 5,000 million to be issued by our Company as part of the Offer, in terms of the Red Herring Prospectus and the Prospectus
General Information Document or GID	The General Information Document for investing in public issues, prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI, suitably modified and updated pursuant to, among others, the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, the circular (CIR/CFD/DIL/1/2016) dated January 1, 2016, the circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, the circular (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018, the circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, the circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, the circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019 the circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019 and the circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, included in "***Offer Procedure***" on page 404
HSBC	HSBC Securities and Capital Markets (India) Private Limited
Kantar IMRB	Kantar IMRB
Kotak	Kotak Mahindra Capital Company Limited
Maximum RII Allottees	The maximum number of Retail Individual Investors who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Investors by the minimum Bid Lot
Member State	A member state of the EEA
MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended
MiFID II Product Governance Requirements	Collectively, MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and any local implementing measures.
Mutual Fund Portion	5% of the QIB Category (excluding the Anchor Investor Portion) or [●] Equity Shares which shall be available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Net Offer	The Offer less the Employee Reservation Portion and the SBI Shareholders Reservation Portion

Term	Description
Net Proceeds	Proceeds of the Offer that will be available to our Company, i.e., gross proceeds of the Fresh Issue, less Offer Expenses to the extent applicable to the Fresh Issue. For further details, see "***Objects of the Offer***" on page 89
Nomura	Nomura Financial Advisory and Securities (India) Private Limited
Non-Institutional Category	The portion of the Net Offer, being not less than 15% of the Net Offer or [●] Equity Shares, available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price
Non-Institutional Investors/NIIs	All Bidders that are not QIBs (including Anchor Investors) or Retail Individual Investors, who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Offer	The public issue of up to [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] each, aggregating up to ₹ [●] million comprising the Fresh Issue and the Offer for Sale. The Offer comprises the Net Offer, Employee Reservation Portion and the SBI Shareholders Reservation Portion
Offer Agreement	The agreement dated November 26, 2019 entered into amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer Price	The final price (within the Price Band) at which Equity Shares will be Allotted to the successful Bidders (except Anchor Investors), as determined in accordance with the Book Building Process by our Company and the Selling Shareholders in consultation with the BRLMs in terms of the Red Herring Prospectus on the Pricing Date. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus. A discount of up to [●]% on the Offer Price (equivalent of ₹ [●] per Equity Share) may be offered to Eligible Employees bidding in the Employee Reservation Portion. This Employee Discount, if any, will be decided by our Company and the Selling Shareholders in consultation with the BRLMs
Offered Shares	Up to 130,526,798 Equity Shares offered as part of the Offer for Sale, including up to 37,293,371 Equity Shares by the Promoter Selling Shareholder and up to 93,233,427 Equity Shares by the Investor Selling Shareholder
OFS/ Offer for Sale	The offer for sale of up to 130,526,798 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders
Price Band	Price band ranging from a Floor Price of ₹ [●] per Equity Share to a Cap Price of ₹ [●] per Equity Share, including revisions thereof, if any. The Price Band will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and the minimum Bid Lot size will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and advertised in [●] editions of the [●] and [●] editions of the [●] (which are widely circulated English national daily and widely circulated Hindi national daily newspapers respectively, Hindi also being the regional language of New Delhi, where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchanges for the purpose of uploading on their websites
Pricing Date	The date on which our Company and the Selling Shareholders in consultation with the BRLMs, shall finalize the Offer Price
Prospectus	The prospectus to be filed with the RoC on or after the Pricing Date in accordance with the provisions of Sections 26 and 32 of the Companies Act 2013 and the SEBI ICDR Regulations, containing the Offer Price, the size of the Offer and certain other information including any addenda or corrigenda thereto
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and Council EC (and any amendments thereto)
Public Offer Account	The bank account to be opened with the Public Offer Account Bank under Section 40(3) of the Companies Act 2013 to receive monies from the Escrow Account(s) and the ASBA Accounts on the Designated Date

Term	Description
Public Offer Account Bank	The bank with whom the Public Offer Account is opened for collection of Bid Amounts from the Escrow Account(s) and ASBA Accounts on the Designated Date, in this case being [●]
QIB Category	The portion of the Net Offer, being not more than 50% of the Net Offer, or [●] Equity Shares, which shall be Allotted to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company and the Selling Shareholders in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price
Qualified Institutional Buyers/ QIBs	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Red Herring Prospectus/ RHP	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act 2013, the SEBI ICDR Regulations which will not have complete particulars of the price at which the Equity Shares shall be Allotted and which shall be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto
Refund Account	The account opened with the Refund Bank from which refunds, if any, of the whole or part of the Bid Amount shall be made to Anchor Investors
Refund Bank	The bank which is a clearing member registered with SEBI under the SEBI BTI Regulations, with whom the Refund Account will be opened, in this case being [●]
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of circular number CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI
Registrar Agreement	The agreement dated November 26, 2019, entered into between our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar and Share Transfer Agents/ RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar to the Offer/ Registrar	Link Intime India Private Limited
Retail Category	The portion of the Net Offer, being not less than 35% of the Net Offer, or [●] Equity Shares, available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Retail Individual Investors/ RIIs	Individual Bidders whose Bid Amount for Equity Shares in the Offer is not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIBs bidding in the QIB category and Non-Institutional Investors bidding in the Non-Institutional category are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bids during Bid/ Offer period and withdraw their Bids until Bid/ Offer Closing Date
SBICAP	SBI Capital Markets Limited
SBI Shareholders	Individuals and HUFs who are the public equity shareholders of SBI, being our Promoter (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines and depository receipt holders of SBI) as on the date of the Red Herring Prospectus
SBI Shareholders Reservation Portion	Reservation of up to 13,052,680 Equity Shares, available for allocation to SBI Shareholders, on a proportionate basis
Securities Act	United States Securities Act of 1933
Self Certified Syndicate Banks or SCSBs	(i) The banks registered with SEBI, offering services in relation to ASBA (other than through UPI Mechanism), a list of which is available on the website of SEBI

Term	Description
	at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable, or such other website as updated from time to time, and (ii) The banks registered with SEBI, enabled for UPI Mechanism, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40
Share Escrow Agent	The share escrow agent appointed pursuant to the Share Escrow Agreement namely, [●]
Share Escrow Agreement	The agreement to be entered into by and among the Selling Shareholders, our Company and the Share Escrow Agent in connection with the transfer of the respective portion of the Offered Shares by each Selling Shareholder and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which will be included in the Bid cum Application Form
Sponsor Bank	The Banker to the Offer registered with SEBI, which has been appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the UPI Mandate Request by an RII in accordance with the UPI Mechanism in terms of the SEBI circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, in this case being [●]
Stock Exchanges	Together, the BSE and NSE
Syndicate Agreement	The agreement to be entered into amongst the members of the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer in relation to the collection of Bids cum Application Forms by the Syndicate
Syndicate Members	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, in this case being [●]
Syndicate or members of the Syndicate	Collectively, the BRLMs and the Syndicate Members
Target Market Assessment	A product approval process, which has determined that the Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II.
Underwriters	[●]
Underwriting Agreement	The agreement to be entered into among our Company, the Selling Shareholders, Registrar to the Offer and the Underwriters, on or after the Pricing Date but before filing of the Prospectus
UPI	Unified Payments Interface which is an instant payment mechanism, developed by NPCI
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the Retail Individual Investors, by way of a notification on the UPI application and by way of a SMS directing the Retail Individual Investors to such UPI application) to the Retail Individual Investors using the UPI Mechanism initiated by the Sponsor Bank to authorise blocking of funds equivalent to the Bid Amount in the relevant ASBA Account through the UPI, and the subsequent debit of funds in case of Allotment
UPI Mechanism	The Bidding mechanism that may be used by Retail Individual Investors to make Bids in the Offer in accordance with circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019 and any other circulars issued by SEBI or any other governmental authority in relation thereto from time to time

Term	Description
UPI PIN	Password to authenticate UPI transaction
Working Day(s)	All days on which commercial banks in Mumbai, India are open for business, provided however, for the purpose of announcement of the Price Band and the Bid/ Offer Period , “Working Day” shall mean all days, excluding all Saturdays, Sundays and public holidays on which commercial banks in Mumbai, India are open for business and the time period between the Bid/Offer Closing Date and listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of the Stock Exchanges excluding Sundays and bank holidays in India in accordance with Circulars on Streamlining of Public Issues

Conventional and General Terms and Abbreviations

Term	Description
AIF(s)	Alternative Investment Funds as defined in and registered with SEBI under the SEBI AIF Regulations
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CARO	Companies (Auditor’s Report) Order, 2016
CDSL	Central Depository Services (India) Limited
CIBIL	Credit Information Bureau (India) Limited
CIN	Corporate Identity Number
Companies Act 2013	The Companies Act, 2013, read with the rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	The Consolidated FDI Policy, effective from August 28, 2017, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time
Contract Labour Act	Contract Labour (Regulation and Abolition) Act, 1970
Depositories Act	Depositories Act, 1996, read with the rules, regulations, clarifications and modifications thereunder
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depository Participant	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DoT	Department of Telecommunication
DP ID	Depository Participant’s identity number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (*formerly Department of Industrial Policy and Promotion*), GoI
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EEA	European Economic Area
EPF Act	Employees’ Provident Fund and Miscellaneous Provisions Act, 1952
EPF	Employees’ Provident Fund
EPS	Earnings per share
ESI Act	Employees’ State Insurance Act, 1948
ESI	Employees’ State Insurance
FCNR-B	Foreign Currency Non-Resident (Bank)
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year/fiscal/ Fiscal Year/ FY/ F.Y.	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with the SEBI
GDP	Gross Domestic Product

Term	Description
GoI/ Central Government	The Government of India
GST	Goods and services tax
HUF(s)	Hindu undivided family(ies)
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act	Income Tax Act, 1961
Ind AS	The Indian Accounting Standards notified under Section 133 of the Companies Act 2013 and referred to in the Ind AS Rules
Ind AS 24	Indian Accounting Standard 24 on Related Party Disclosure issued by the MCA
Ind AS Rules	Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended
Indian GAAP	Generally Accepted Accounting Principles in India notified under Section 133 of the Companies Act 2013 and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016
INR or Rupee or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India
IRDAI	Insurance Regulatory and Development Authority of India
KYC	Know Your Customer
LIBOR	London Interbank Offered Rate
MCA	The Ministry of Corporate Affairs, Government of India
MCLR	Marginal Cost of Funds based Lending Rate
Master Directions	Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as updated
Mutual Funds	Mutual funds registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net asset value
NBFC	Non-banking Financial Company
NBFC – ND - SI	Systemically Important Non-Deposit Taking NBFC
NBFC - SI	Systemically important non-banking financial company, as covered under Regulation 2(1)(ss)(xiii) of the SEBI ICDR Regulations
NCR	National Capital Region
NEFT	National Electronic Fund Transfer
N.M.	Not meaningful
NPCI	National Payments Corporation of India
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after tax
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the Securities Act
RLLR	Repo Linked Lending Rate

Term	Description
RoC or Registrar of Companies	The Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the Securities Act
SBI Act	State Bank of India Act, 1955
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI Mutual Funds Regulations	SEBI (Mutual Funds) Regulations, 1996
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
Securities Act	United States Securities Act of 1933, as amended
State Governments	The government of a state in India
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Trademarks Act	Trademarks Act, 1999
U.S. GAAP	United States Generally Accepted Accounting Principles
U.S. Investment Company Act	U.S. Investment Company Act of 1940, as amended
U.S. QIBs	"Qualified institutional buyers" as defined in Rule 144A under the Securities Act
US$ or USD or US Dollar	United States Dollar, the official currency of the United States of America
USA or U.S. or US	United States of America
VAT	Value Added Tax
Wilful Defaulter	Wilful Defaulter as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations

Industry Related Terms

Definitions for the Business and the Industry section

Term	Description
Aadhaar	A unique identity number that contains demographic and biometric details of an individual, available to residents of India.
AI	Artificial intelligence
AML	Anti-money laundering
APR	Annual percentage rate
ATM	Automated teller machine
Banca	A distribution channel that involves leveraging a bank's existing data base across asset as well as liability-related products and transactions for sourcing customers.
BBPS	Bharat Bill Payment Service
CAG	Comptroller and Auditor General of India
CASA	Current account (demand deposit) savings account
CSR	Corporate social responsibility

Term	Description
ECS	Electronic clearing service
EMI	Equated monthly installment
EMV	Europay, Mastercard and Visa
FD	Fixed deposit
IBA	Indian Banks Association
IMPS	Interbank mobile payment service
Interchange Fees	Interchange Fees are earned as consideration for the transactions carried out by our cardholders using our credit cards
IoT	Internet of Things
JAM	Jan Dhan, Aadhaar and Mobile, which refers to the initiative by the Government of India to link Jan Dhan accounts, mobile numbers and Aadhaar cards of Indian residents.
Jan Dhan Yojana	Pradhan Mantri Jan Dhan Yojana financial inclusion scheme by the Government of India
KYC	Know-your-customer
Millennials	Persons below 30 years of age
MDR	Merchant discount rate
MNC	Multinational corporation
NPA	Non-performing asset
NTC	New-to-credit
NTCC	New-to-credit card
P2P	Peer-to-Peer
P2M	Peer-to-Merchant
PFCE	Private final consumption expenditure
PFIC	Passive foreign investment company
POS	Point of sale
PPI	Prepaid payment instrument
Revolvers	Cardholders who carry balances over from one month to the next and consequently, pay interest on those revolving balances.
SME	Small or medium-sized enterprise
Transactors	Cardholders who pay off their balances in full every month and consequently, do not pay any interest on those balances.

*Notwithstanding the foregoing, terms in "**Statements of Special Tax Benefits**", "**Financial Statements**", "**Key Regulations and Policies in India**", "**Outstanding Litigation and Material Developments**", "**Main Provisions of Articles of Association**" and "**Offer Procedure**" on pages 95, 203, 152, 363, 422 and 404, respectively, shall have the meanings ascribed to such terms in these respective sections.*

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Draft Red Herring Prospectus to "India" are to the Republic of India. All references in this Draft Red Herring Prospectus to the "U.S.", "USA" or "United States" are to the United States of America.

Unless indicated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to page numbers of this Draft Red Herring Prospectus.

Financial Data

Unless stated or the context requires otherwise, the financial data in this Draft Red Herring Prospectus is derived from our Restated Financial Statements. The Restated Financial Statements included in this Draft Red Herring Prospectus are as at and for the six months ended September 30, 2019 and September 30, 2018 and the Fiscals ended March 31, 2019, March 31, 2018 and March 31, 2017, together with the annexures and notes thereto and the examination report, thereon, each prepared in accordance with Ind AS, as prescribed under Section 133 of Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013 and the guidance notes issued by ICAI and restated in accordance with the SEBI ICDR Regulations. Effective from April 1, 2018, SBIBPMSL, amalgamated into our Company. Our Restated Financial Statements for Fiscal 2018 have been restated as if that merger had occurred on December 15, 2017, which is the date when common control was established as a result thereof as per Ind AS 103. For further information, see "***Summary of Financial Information***" and "***Financial Statements***" on pages 59 and 203, respectively.

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular fiscal or financial year are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

There are significant differences between the Ind AS, the International Financial Reporting Standards (the "**IFRS**") and the Generally Accepted Accounting Principles in the United States of America (the "**U.S. GAAP**"). Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with accounting standards in India, the Ind AS, the Companies Act 2013 and the SEBI ICDR Regulations, on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to quantify or identify the impact of the differences between financial data (prepared under Ind AS) and IFRS/USGAAP nor have we provided a reconciliation thereof. We urge you to consult your own advisors regarding such differences and their impact on our financial data included in this Draft Red Herring Prospectus.

Unless the context otherwise indicates, any percentage amounts, as set forth in "***Risk Factors***", "***Our Business***", and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 28, 127 and 324, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Financial Statements.

Certain figures contained in this Draft Red Herring Prospectus, including our financial statements, have been subject to rounding-off adjustments. All decimals have been rounded off to one decimal and two decimal points. In this Draft Red Herring Prospectus, any discrepancies in any table between the sums of the amounts listed in the table and totals are due to rounding off. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Red Herring Prospectus as rounded-off to such number of decimal points as provided in such respective sources.

Non-GAAP Financial Measures

We use a variety of financial and operational performance indicators to measure and analyze our operational performance from period to period, and to manage our business. Our management also uses other information that may not be entirely financial in nature, including statistical and other comparative information commonly used within the Indian financial services industry to evaluate our financial and operating performance. The key financial and operational performance indicators and ratios are defined along with a brief explanation in the section, "***Definitions and Abbreviations***", and "***Management's Discussion and Analysis of Financial Condition and Results of Operations - Certain Non-GAAP Financial Measures***" on pages 1 and 359, respectively.

These financial and operational performance indicators have limitations as analytical tools. As a result, these financial and operational performance indicators should not be considered in isolation from, or as a substitute for, analysis of our historical financial performance, as reported and presented in its financial statements.

Further, these financial and operational performance indicators are not defined under Ind AS, IFRS or U.S. GAAP, and therefore, should not be viewed as substitutes for performance or profitability measures under Ind AS, IFRS or U.S. GAAP. While these financial and operational performance indicators may be used by other financial institutions operating in the Indian financial services industry, other financial institutions may use different financial or performance indicators or calculate these ratios differently, and similarly titled measures published by them may therefore not be comparable to those used by us.

Industry and Market Data

For the purpose of confirming our understanding of the industry in connection with the Offer, we have commissioned a report titled ""Analysis of Credit Cards Industry in India" dated November 21, 2019" ("**CRISIL Report**") prepared by CRISIL Research, a division of CRISIL ("**CRISIL Research**"). CRISIL has required us to include the following disclaimer in connection with the CRISIL Report:

"*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. SBI Cards and Payment Services Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."*

Further, our Company commissioned a brand track survey titled "*Brand Track Study 2019*" ("**Brand Track Study**") which was conducted by Kantar IMRB in 2019. Kantar IMRB, has required us to include the following disclaimer in connection with its Brand Track Study:

"*SBI Cards and Payments Services Limited claim based on Brand Track research conducted by Kantar IMRB in 2019 amongst 3559 respondents belonging to SEC A/B and owners/intenders of Credit card in top 8 metros in India"*

Aside from the above, unless otherwise stated, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from publicly available sources of industry data. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently prepared or verified by us, the Selling Shareholders or the Syndicate or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends upon the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "***Risk Factors - Statistical and industry data in this document may be incomplete or unreliable***" on page 53. Accordingly, investment decisions should not be based solely on such information.

Currency and Units of Presentation

All references to "**Rupees**" or "**₹**" or "**Rs.**" are to Indian Rupees, the official currency of the Republic of India. All references to "**U.S. Dollar**" or "**USD**" or "**US$**" are to United States Dollar, the official currency of the United States of America.

In this Draft Red Herring Prospectus, our Company has presented certain numerical information. All figures have been expressed in millions, except where specifically indicated. One million represents 10 lakhs or 1,000,000, ten million represents 1 crore or 10,000,000, one billion represents 100 crores and one trillion represents 1,000 billion. However, where any figures that may have been sourced from third party industry sources are expressed in denominations other than millions in their respective sources, such figures appear in this Draft Red Herring Prospectus expressed in such denominations as provided in such respective sources.

Exchange Rates

This Draft Red Herring Prospectus contains translations of U.S. Dollar into Indian Rupees. These convenience translations should not be construed as a representation that those U.S. Dollars could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth as of the dates indicated, information with respect to the exchange rate between the Indian Rupee and the U.S. Dollar:

(in ₹)

Currency	**Exchange Rate as on September 30, 2019**	**Exchange Rate as on March 31, 2019***	**Exchange Rate as on, March 31, 2018****	**Exchange Rate as on March 31, 2017**
1 US$	70.69	69.17	65.04	64.84

Source: www.rbi.org.in and www.fbil.org.in

**Exchange rate as on March 29, 2019, as FBIL reference rate is not available for March 31, 2019 and March 30, 2019 being a Sunday and Saturday, respectively.*

***Exchange rate as on March 28, 2018, as RBI reference rate is not available for March 31, 2018, March 30, 2018 and March 29, 2018 being a Saturday and public holidays, respectively.*

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward looking statements, which include statements with respect to our business strategy, our revenue and profitability, our goals and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. These forward looking statements include statements with respect to our business strategy, our expected revenue and profitability, our goals and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. These forward looking statements can generally be identified by words or phrases such as *"**aim**", "**anticipate**", "**believe**", "**expect**", "**estimate**", "**intend**", "**likely to**", "**objective**", "**plan**", "**propose**", "**project**", "**will continue**", "**seek to**", "**will pursue**"* or other words or phrases of similar import. Similarly, statements which describe our strategies, objectives, plans or goals are also forward-looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. This could be due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes in the industry we operate in and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India that may have an impact on our business or investments, monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates and prices, the general performance of Indian and global financial markets, changes in the competitive landscape and incidence of any natural calamities and/or violence. Significant factors that could cause our actual results to differ materially include, but are not limited to:

- Macroeconomic conditions in India could have a material adverse effect on our business, results of operations and financial condition.

- We face competition in the credit card market from other credit card issuers and payment solutions providers, and we may not be able to compete effectively, which could result in fewer cardholders and lower account balances and could materially adversely affect our financial condition, cash flows and results of operations.

- We derive substantial benefits from our existing relationship with our Promoter, and a loss or reduction in the level of support we receive from our Promoter could adversely affect us.

- We use the "SBI" brand of our Promoter, and are exposed to the risk that the "SBI" brand may be affected by events beyond our control and that our Promoter may prevent us from using it in the future.

- We may not be successful in implementing our growth strategies or penetrating new markets or services.

- Our inability to effectively manage our funding and liquidity risk could have a material adverse effect on our funding, profitability, liquidity and ability to meet our obligations.

- Our business depends on our ability to manage our credit risk, and failing to manage this risk successfully may result in high charge-off rates, which would materially adversely affect our business, profitability and financial condition.

- Our business, financial condition and results of operations may be adversely affected by regulation or legislation limiting interchange fees.

- Regulatory changes limiting the interest rates we may charge our cardholders could adversely affect our business.

- Cyber-attacks or other security breaches could have a material adverse effect on our business, results of operation or financial condition.

For a further discussion of factors that could cause our actual results to differ, see "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 28, 127 and 324, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward-looking statements reflect our current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as the statements based on them could prove to be inaccurate.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Neither our Company, the Selling Shareholders, nor the Syndicate, or any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements of SEBI, our Company and the BRLMs will ensure that investors in India are informed of material developments until the receipt of final listing and trading approvals for the Equity Shares pursuant to the Offer. Each Selling Shareholder (severally and not jointly) will ensure that investors in India are informed of material developments in relation to the statements relating to and undertakings confirmed or undertaken by such Selling Shareholder and its portion of the Offered Shares in the Red Herring Prospectus, from the date thereof, until the receipt of final listing and trading approvals from the Stock Exchanges.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decisions investors must rely on their own examination of our Company and the terms of the offer, including the merits and risks involved. The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs") in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs".

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Draft Red Herring Prospectus has been prepared on the basis that all offers of Equity shares in Member States of the European Economic Area ("**EEA**") (each a "**Member State**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129 of the European Parliament and Council EC (and amendments thereto). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Draft Red Herring Prospectus should only do so in circumstances in which no obligation arises for our Company, the Selling Shareholders or any of the members of the BRLMs to produce a prospectus for such offer. None of our Company, the Selling Shareholders and the BRLMs have authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the members of the Syndicate which constitute the final placement of Equity Shares contemplated in this Draft Red Herring Prospectus.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Equity Shares have been subject to a product approval process, which has determined that such Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the MiFID II Product Governance Requirements) ("**Distributors**") should note that: the price of the Equity Shares may decline and investors could lose all or part of their investment; the Equity Shares offer no guaranteed income and no capital protection; and an investment in the Equity Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Equity Shares. Each Distributor is responsible for undertaking its own target market assessment in respect of the Equity Shares and determining appropriate distribution channels.

SUMMARY OF THE OFFER DOCUMENT

*The following is a general summary of the terms of the Offer. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections entitled "**Risk Factors**", "**The Offer**", "**Capital Structure**", "**Objects of the Offer**", "**Industry Overview**", "**Our Business**", "**Offer Procedure**", "**Outstanding Litigation and Material Developments**" and "**Main Provisions of Articles of Association**" on pages 28, 57, 75, 89, 99, 127, 404, 363 and 422, respectively.*

Summary of Business

We are the second-largest credit card issuer in India, with 17.6% and 18.0% market share of the Indian credit card market in terms of the number of credit cards outstanding as of March 31, 2019 and September 30, 2019, respectively, and 17.1% and 17.9% market share of the Indian credit card market in terms of total credit card spends in fiscal 2019 and in the six months ended September 30, 2019, respectively, according to the RBI. We offer an extensive credit card portfolio to individual and corporate clients covering all major cardholder segments in terms of income profiles and lifestyles.

For details, see "***Our Business***" on page 127.

Summary of Industry

There are 74 credit card issuers in India, including the top-three Indian private banks (HDFC Bank, Axis Bank and ICICI Bank) and SBI Card – the leading pure-play credit card issuer – according to CRISIL Report. Credit card spends have registered robust growth, growing at a CAGR of 32.0% from fiscal 2015 to fiscal 2019, and growth is expected to continue to reach Rs. 15.0 trillion in total credit card spends for fiscal 2024, according to CRISIL Report. The Government's vision of a cash-less society, digitalization, developments in e-commerce, and growth in POS infrastructure have encouraged the use of credit cards.

For details, see "***Industry Overview***" on page 99.

Promoter

The Promoter of our Company is SBI.

Offer Size

Offer(1)(2)	Up to [●] Equity Shares, aggregating up to ₹ [●] million
of which	
Fresh Issue(1)	[●] Equity Shares, aggregating to ₹ 5,000 million
Offer for Sale(2)(3)	Up to 130,526,798 Equity Shares, aggregating up to ₹ [●] million (including up to 37,293,371 Equity Shares aggregating up to ₹ [●] million by SBI and up to 93,233,427 Equity Shares aggregating up to ₹ [●] million by CA Rover)

(1) The Offer has been authorized by our Board pursuant to its resolution dated August 14, 2019 and by a special resolution of our Shareholders adopted at the meeting held on September 27, 2019.

*(2) Each of the Selling Shareholders confirms that it has authorized the sale of its respective Offered Shares in the Offer for Sale. For details see "**Other Regulatory and Statutory Disclosures – Authority for the Offer - Approvals from the Selling Shareholders**" on page 377.*

(3) The respective portion of the Offered Shares being offered by the Selling Shareholders have been held by them for a period of at least one year immediately preceding the date of filing this Draft Red Herring Prospectus with SEBI, in terms of the SEBI ICDR Regulations.

The Offer shall constitute [●]% of the post-Offer paid up Equity Share capital of our Company.

Objects of the Offer

The Net Proceeds are proposed to be used for augmenting our capital base to meet our future capital requirements.

For details, see "***Objects of the Offer***" on page 89.

Pre-Offer shareholding of our Promoter, the Promoter Group and the Selling Shareholders

The equity shareholding of our Promoter, the Promoter Group and the Selling Shareholders as on the date of this Draft Red Herring Prospectus is set forth below:

Category of Shareholders	Number of Equity Shares	Percentage of paid up Equity Share capital (%)
Promoter (also the Promoter Selling Shareholder)		
State Bank of India*	689,927,363	74
Total (A)	**689,927,363**	**74**
Promoter Group		
-	-	-
Investor Selling Shareholder		
CA Rover Holdings	242,406,915	26
Total (B)	**242,406,915**	**26**
Total (A+B)	**932,334,278**	**100**

***** *This includes one Equity Share each held by Mr. Shree Prakash Singh, Mr. K. Pradeep, Ms. Usha Gautam, Mr. P.M. Mohan Patro and Mr. Sanjay Kumar Tiwari. SBI is the beneficial owner of such Equity Shares.*

Summary of Restated Financial Information

(₹ in million, other than share data)

Particulars	Six months ended September 30, 2019	Six months ended September 30, 2018	Fiscal 2019	Fiscal 2018	Fiscal 2017
Share capital	9,323.34	8,372.22	8,372.22	7,850.00	7,850.00
Net worth	43,814.19	32,689.90	36,532.34	24,245.75	14,488.17
Revenue	46,772.08	33,422.74	72,868.34	53,701.92	34,710.38
Profit/(loss) after tax	7,258.82	3,766.10	8,627.19	6,011.43	3,728.59
Earnings per share (basic) (in ₹)	7.79	4.20	9.43	7.40	4.75
Earnings per share (diluted) (in ₹)	7.79	4.20	9.43	7.40	4.75
Net asset value per equity share (in ₹)	46.99	36.42	39.93	29.83	18.46
Total borrowings	174,273.44	121,294.35	136,505.25	114,128.19	82,684.16

Qualifications of the Auditors which have not been given effect to in the Restated Financial Statements

Our Statutory Auditors have not made any qualifications in the examination report that have not been given effect to in the Restated Financial Statements.

Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company, our Directors, our Promoter and our Group Companies as on the date of this Draft Red Herring Prospectus is provided below:

S. No.	Name of Entity*	Criminal Proceedings	Tax proceedings	Statutory/ Regulatory proceedings	Material civil litigation	Aggregate amount involved ^ (*₹ in million)*
1.	**Company**					
	By the Company	33,378	-	-	3	1,006.60
	Against the Company	-	15	1	10	4,786.11
2.	**Directors**					
	By the Directors	-	-	-	-	-
	Against the Directors	2	-	1	-	25
3.	**Promoter**					
	By the Promoter	82**	-	-	-	390,565.20

S. No.	Name of Entity*	Criminal Proceedings	Tax proceedings	Statutory/ Regulatory proceedings	Material civil litigation	Aggregate amount involved ^ (₹ *in million)*
	Against the Promoter	1	Over 486	1	19	639,043.42

** There is no pending litigation involving our Group Companies which will have a material impact on our Company*
*** SBI reported, 8 frauds during Fiscal 2018, 25 frauds during Fiscal 2019 and 48 frauds during the period from April 1, 2019 to November 22, 2019, which involved an amount of more than ₹ 1,000 million, each. The aggregate amount involved in such frauds were ₹ 14,620 million during Fiscal 2018, ₹ 107,250 million during Fiscal 2019 and ₹ 267,575.20 million during the period from April 1, 2019 to November 22, 2019.*
^ To the extent quantifiable

For further details of the outstanding litigation proceedings, see "***Outstanding Litigation and Material Developments***" on page 363.

Risk factors

Please see "***Risk Factors***" on page 28.

Summary of contingent liabilities of our Company

The following is a summary table of our contingent liabilities as of September 30, 2019:

(₹ in million)

	As of September 30, 2019
Claims against us not recognized as debt	
Demand notices from service tax department(1)	383.74
Claims against us in the ordinary course of business(2)	167.31
Guarantees(3)	62.70
Demand notice from Income Tax Department(4)	7.27
Contribution notice from ESIC(5)	32.74
Total	**653.76**

(1) Relates to demand notices received from service tax/GST department on assessment of the returns submitted.
(2) Relates to legal claims filed against us by our customers in the ordinary course of business.
(3) Relates to performance guarantees issued by us in favour of certain government authorities for regulatory purposes and in favour of payment networks.
(4) Relates to demand notices received from India's Income Tax Authority on assessment of tax returns filed by us.
(5) Represents contribution notices received from India's Employees' State Insurance Corporation following completion of their audit.

For details, see "***Financial Statements***" on page 203.

Summary of Related Party Transactions

Transactions/balances outstanding with related parties

(₹ in million)

Nature of Transactions	Six months ended September 30, 2019	Six months ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Transactions with related parties					
Finance charges					
Holding Entity	3,183.28	2,679.99	6,453.02	4,473.50	4,432.35
Fellow Subsidiaries	0.95	0.95	5.88	-	-
Advertisement sales promotion (incentives) & Collection					
Holding Entity	984.81	976.21	1,880.87	1,296.35	348.70
Fellow Subsidiaries	-	-	-	-	14.79
Cost allocations received					

Nature of Transactions	Six months ended September 30, 2019	Six months ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Holding Entity	15.77	26.37	47.98	34.74	33.88
Joint Venture	-	-	-	0.27	1.16
Fellow Subsidiaries	-	0.38	0.98	1.11	1.26
Entity under common significant influence				63.89	85.09
Services rendered					
Holding Entity	-	25.21	28.02	16.47	-
Right issue shares					
Holding Entity	-	3,478.00	3,478.00	-	-
Entity holding substantial interest in voting power of the Company	-	1,222.00	1,222.00	-	-
Processing charges paid					
Entity under common significant influence	-	-	-	4,416.37	4,620.62
Cost allocations made					
Joint Venture	-	-	-	-	10.31
Entity under common significant influence	-	-	-	9.52	6.26
Bank charges, fees and Commission Paid					
Holding Entity	7.77	7.40	15.38	39.02	30.61
Fellow Subsidiaries	0.46	1.40	1.90	14.07	0.51
Commission Received					
Fellow Subsidiaries	0.10	0.14	0.30	0.04	0.12
Personnel Cost (Managerial remuneration-Salaries & other Allowances)					
Key Managerial Personnel	19.42	16.88	40.77	21.25	13.68
Personnel Cost (Managerial remuneration-post retirement benefits)					
Key Managerial Personnel	1.35	3.24	4.80	0.89	-
Interest Income on fixed deposit					
Holding Entity	6.74	2.95	5.46	1.87	0.06
Borrowings taken					
Holding Entity	371,172.81	273,963.26	501,140.58	487,643.56	341,508.28
Fellow Subsidiaries	1,250.00	-	-	-	-
Borrowings repaid					
Holding Entity	361,736.48	259,935.15	502,114.85	471,721.69	325,572.73
Fellow Subsidiaries	10.00	-	50.00	-	-
Income on investments					
Fellow Subsidiaries	-	0.18	0.59	0.74	0.29
Investments purchased					
Fellow Subsidiaries	-	950.00	1,950.00	1,900.00	1,480.01
Investments sold					
Fellow Subsidiaries	-	950.00	1,950.00	1,900.00	1,480.00
Dividend Declared					
Holding Entity	-	-	619.54	-	-
Entity holding substantial interest in voting power of the Company	-	-	217.68	-	-
Dividend Paid					
Holding Entity	-	-	-	471.00	471.00
Joint Venture	-	-	-	314.00	314.00
Fixed Deposit made					

Nature of Transactions	Six months ended September 30, 2019	Six months ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Holding Entity	3,671.60	60.35	120.35	22.59	0.20
Fixed deposit matured					
Holding Entity	3,651.45	85.70	205.70	230.00	0.20
Royalty expenses					
Holding Entity	145.32	73.98	157.78	102.89	78.08
Loans and Advances given and other adjustments					
Holding Entity	12.30	12.23	21.83	33.18	37.24
Fellow Subsidiaries	18.82	16.08	34.14	22.95	20.38
Entity under common significant influence	-	-	-	830.10	1,174.18
Key Managerial Personnel	4.04	2.31	5.67	3.19	1.90
Loans and Advances Repaid					
Holding Entity	11.00	12.69	22.94	32.77	39.71
Fellow Subsidiaries	18.33	14.70	33.66	22.80	20.30
Entity under common significant influence	-	-	-	831.00	1,155.55
Key Managerial Personnel	4.34	2.55	5.67	3.16	1.88
Gratuity Fund Contribution					
Fellow Subsidiaries	114.90	64.60	214.06	3.04	-
Contribution to Other Fund					
Holding Entity	2.55	-	4.01	-	-
Insurance Expenses					
Fellow Subsidiaries	7.39	1.10	-	-	-
Employee Insurance					
Fellow Subsidiaries	-	-	6.75	-	-
Fixed asset insurance					
Fellow Subsidiaries	-	-	0.16	0.09	-
CSR Contribution					
Fellow Subsidiaries	-	-	7.50	19.87	-
B. Balances outstanding of related party at period end	**Six months ended September 30, 2019**	**Six months ended September 30, 2018**	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Trade Payables and Other liabilities					
Holding Entity	196.72	104.95	237.58	166.53	145.77
Joint Venture	-	-	-	-	2.61
Fellow Subsidiaries	5.01	1.01	0.54	0.38	5.23
Entity under common significant influence	-	-	-	-	489.83
Trade receivable					
Holding Entity	4.38	8.86	9.58	10.61	-
Dividend Payable					
Holding Entity	-	-	619.54	-	471.00
Joint Venture	-	-	-	-	314.00
Entity holding substantial interest in voting power of the Company	-	-	217.68	-	-
Borrowings					
Holding Entity	97,666.01	104,174.76	87,475.52	90,274.15	71,597.54
Fellow Subsidiaries	550.00	60.00	260.00	-	-
Cash and Bank Balances					
Holding Entity	2,583.98	4,356.19	437.82	1,944.94	1,366.66

Nature of Transactions	Six months ended September 30, 2019	Six months ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Fellow Subsidiaries	-	-	-	-	15.74
Interest Payable					
Holding Entity	322.99	322.23	0.86	-	-
Loans and Advances					
Holding Entity	2.28	1.60	0.98	2.03	1.62
Fellow Subsidiaries	2.78	3.01	5.95	1.46	1.31
Entity under common significant influence	-	-	-	-	94.92
Key Managerial Personnel	0.48	0.11	0.04	0.05	0.08
Investments					
Fellow Subsidiaries	-	-	0.01	0.01	0.01
Other Recoverable					
Holding Entity	-	-	-	116.37	-
Fellow Subsidiaries	7.39	-	-	0.01	0.68
Fixed deposit					
Holding Entity	33.17	83.14	23.14	108.49	-
Contribution to Other Fund					
Holding Entity	0.63	0.23	0.43	-	-
Interest Accrued					
Holding Entity	1.25	2.46	0.81	134.08	-
Other non-current assets					
Holding Entity	-	-	-	-	0.20

For details of the related party transactions and as reported in the Restated Financial Statements, see "***Financial Statements – Notes to Related Party Transactions***" on page 288.

Financing arrangements

There have been no financing arrangements whereby our Promoter, members of the Promoter Group, the directors of our Promoter, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Weighted average price at which the Equity Shares were acquired by the Promoter (also the Promoter Selling Shareholder) and the Investor Selling Shareholder in the one year preceding the date of this Draft Red Herring Prospectus

The weighted average price at which Equity Shares were acquired by our Promoter (also the Promoter Selling Shareholder) and the Investor Selling Shareholder in the one year preceding the date of this Draft Red Herring Prospectus is as follows:

Name	No. of Equity Shares acquired	Weighted average price per Equity Share *(in ₹)*
Promoter (also the Promoter Selling Shareholder)		
State Bank of India*	70,382,918	38.86
Investor Selling Shareholder		
CA Rover Holdings**	24,729,136	92.52

**As certified by S. Ramanand Aiyar & Co., by way of their certificate dated November 22, 2019.*
***As certified by KPB & Associates, by way of their certificate dated November 24, 2019.*

Average cost of acquisition of Equity Shares for the Promoter (also the Promoter Selling Shareholder) and the Investor Selling Shareholder

The average cost of acquisition per Equity Share at which Equity Shares were acquired by our Promoter (also the Promoter Selling Shareholder) and the Investor Selling Shareholders as at the date of this Draft Red Herring Prospectus is:

Name	No. of Equity Shares acquired	Average cost of acquisition per Equity Share *(in ₹)*
Promoter (also the Promoter Selling Shareholder)		
State Bank of India*	689,927,363^	28.69
Investor Selling Shareholder		
CA Rover Holdings**	242,406,915	81.19

**As certified by S. Ramanand Aiyar & Co., by way of their certificate dated November 22, 2019.*
***As certified by KPB & Associates, by way of their certificate dated November 24, 2019.*
^This includes one Equity Share each held by Mr. Shree Prakash Singh, Mr. K. Pradeep, Ms. Usha Gautam, Mr. P.M. Mohan Patro and Mr. Sanjay Kumar Tiwari. SBI is the beneficial owner of such Equity Shares.

Issue of Equity Shares for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus, except as set forth below.

Date of allotment	Names of allottees	Reason/nature of allotment	No. of Equity Shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
July 22, 2019	70,382,918 Equity Shares to State Bank of India and 24,729,136 Equity Shares to CA Rover Holdings	Amalgamation of SBI Business Process Management Services Private Limited with our Company pursuant to the Scheme of Amalgamation. For details, see "***History and Certain Corporate Matter - Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years***" on page 168.	95,112,054	10	NA	Other than cash

Split/ Consolidation of equity shares in the last one year

Our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus.

SECTION II - RISK FACTORS

*An investment in our Equity Shares involves a high degree of risk. You should carefully consider the risks described below as well as other information as may be disclosed in this Draft Red Herring Prospectus before making an investment in our Equity Shares. The risks described in this section are those that we consider to be the most significant to our business, results of operations and financial condition as of the date of this Draft Red Herring Prospectus. In addition, the risks set out in this section may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. If any or a combination of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, prospects, results of operations and financial condition could suffer, the trading price of the Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to a regulatory environment in India which may differ significantly from that in other jurisdictions. In making an investment decision, prospective investors must rely on their own examinations of us and the terms of the Offer, including the merits and the risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. For further details, see "**Our Business**" on page 127, "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on page 324, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus.*

*This Draft Red Herring Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See "**Forward-Looking Statements**" on page 18 of this Draft Red Herring Prospectus.*

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Restated Financial Statements included in this Draft Red Herring Prospectus.

INTERNAL RISKS

Risks Relating to Our Business

1. ***Macroeconomic conditions in India could have a material adverse effect on our business, results of operations and financial condition.***

Substantially all of our business activities are conducted in India, and we rely primarily on interest charged on our credit card receivables and fee income derived from interchange fees, late fees, annual card fees and service charges to generate our revenues. These revenue streams have historically been affected by key macroeconomic conditions in India, and are likely to continue being affected by them in the future. Our total revenue from operations (which is primarily comprised of interest income and fees on our credit card receivables) totaled ₹33,462.03 million, ₹51,869.75 million and ₹69,991.11 million for fiscals 2017, 2018 and 2019, respectively, and ₹43,639.35 million for the six months ended September 30, 2019.

Consumer confidence, unemployment and overall economic growth rates are among the main factors that often impact consumer spending behavior and demand for credit. Poor economic conditions reduce the usage of our credit cards and the average purchase amount of transactions on our credit cards, both of which reduce our interest and fee incomes. Poor economic conditions also tend to adversely affect our cardholders' ability and willingness to pay amounts owed to us, thus increasing delinquencies, charge-offs and provisions for credit losses, and decreasing recoveries.

Economic growth in India is influenced by, among other things, inflation, interest rates, foreign trade and capital flows, as well as the monsoon season. The level of inflation or depreciation of the Indian rupee may limit monetary easing or cause monetary tightening by the RBI. Any increase in inflation, due to increases in domestic food prices or global prices of commodities, including crude oil, the impact of currency depreciation on the prices of imported commodities and additional pass-through of higher fuel prices to consumers, or otherwise, may result in a tightening of monetary policy. While inflation rates in India have declined in recent years, a return to high rates of inflation with a resulting rise in interest rates, and any corresponding tightening of monetary policy may have an adverse effect on economic growth in India. Any adverse development in the Indian economy, changes in interest rates or other trends or financial difficulties, which are not within our control, could result in non-payment by our cardholders.

The Indian economy's growth momentum moderated significantly in fiscals 2018 and 2019 as compared to previous years. According to the Indian Central Statistics Organization, India's real GDP growth decreased from 8.2% in fiscal 2017 to 7.2% in fiscal 2018 and 6.8% in fiscal 2019. The Indian economy has slowed further in fiscal 2020, with India's real GDP having grown at 5.2% in the six months ended September 30, 2019 as compared to the six months ended September 30, 2018. The RBI currently forecasts India's real GDP growth to be 6.1% for fiscal 2020.

While our results may not necessarily track India's economic growth figures, the Indian economy's performance affects the environment in which we operate. A prolonged period of slow economic growth or a significant deterioration in economic conditions or broader consumer trends would likely affect consumer spending levels. A slowdown in economic growth in India could also result in lower demand for credit and other related services and may impact the repayment capabilities of our cardholders, resulting in increases in defaults. Substantially all of our credit card receivables portfolio is unsecured, which may heighten our exposure to these risks. These factors could have a material adverse effect on our business, results of operations and financial condition.

2. ***We face competition in the credit card market from other credit card issuers and payment solutions providers, and we may not be able to compete effectively, which could result in fewer cardholders and lower account balances and could materially adversely affect our financial condition, cash flows and results of operations.***

The credit cards business is highly competitive. This increasingly competitive environment is primarily a result of changes in technology, product delivery systems and regulation, as well as the emergence of new or significantly larger credit card issuers or payment solutions providers, all of which may affect our cardholders' expectations and demands.

We compete with other credit card issuers and payment solutions providers such as banks, payment banks, NBFCs and financial technology enterprises on the basis of a number of factors, including brand, reputation, customer service, product offerings, incentives, pricing, technology and other terms. In particular, mobile, e-wallet and tokenization platforms, including the increasingly prevalent unified payments interface platform, present formidable competition as they are able to attract large payment volumes at low or no payment processing fees to merchants. Competition in credit cards is also based on merchant acceptance and the value provided to the customer by rewards programs. Many credit card issuers have instituted rewards programs that are similar to ours, and, in some cases, could be viewed by customers as more attractive than our programs, which could lead such cardholders to prefer spending using our competitors' credit cards over our credit cards. As competitive pressures intensify, we may be required to expend additional resources to offer a more attractive value proposition to our cardholders, which could negatively impact our profit margins. These competitive factors may also affect our ability to attract and retain cardholders, slow down our credit card receivables growth and reduce revenue growth from our core business.

Some of our competitors operate out of large, well-established banks and may have greater operational efficiencies, better local distribution capabilities and lower-cost funding than us, among other things, which may give those competitors certain advantages over us. For example, banks in India have access to a broader set of their customers' transactional information than we do, and banks are not required to perform additional KYC procedures in order to provide credit cards to their customers. Banks also have the ability to take deposits from the public, which provides them with funding advantages, while under existing RBI regulations non-deposit taking NBFCs, like us, are not allowed to take deposits from the public. Many of our competitors are also focusing on cross-selling their products and developing new products or technologies, which could affect our ability to maintain or grow existing cardholder relationships. Some of our competitors have developed, or may develop, substantially greater financial and other resources than we have, may offer higher value propositions or a wider range of programs and services than we offer or may use more effective advertising, marketing or cross-selling strategies to acquire and retain more cardholders, capture a greater share of credit card transactions, attain and develop more attractive partnership programs than we have. We may not be able to compete effectively against these threats or respond or adapt to changes in consumer spending habits as effectively as our competitors.
If we are unable to compete successfully, or if competing successfully requires us to take aggressive actions in response to competitors' actions, our financial condition, cash flows and results of operations could be materially adversely affected.

3. ***We derive substantial benefits from our existing relationship with our Promoter, and a loss or reduction in the level of support we receive from our Promoter could adversely affect us.***

Our Promoter, SBI, was India's largest commercial bank in terms of deposits, advances and number of branches as of September 30, 2019 according to the RBI. We have derived, and continue to derive, substantial benefits from our relationship with our Promoter.

Our credit cards portfolio consists primarily of SBI-branded credit cards, and we take advantage of our Promoter's large branch and customer networks in order to market our credit cards. Our Promoter is our largest customer referral partner, and our referral arrangements with SBI allow us to market our products and services to SBI customers by utilizing our Promoter's vast branch network. For example, our Promoter provides space for our outsourced sales workforce to be present at select SBI branches, and we also carry out joint marketing efforts with our Promoter. For more information, see "***Our Promoter and Promoter Group – Interest of SBI – Distribution Agreement dated November 20, 2019 between SBI and the Company ("Bank Distribution Agreement")***" on page 191. In fiscals 2019, 2018, and 2017, new accounts acquired from our Promoter's customer base accounted for 55.2%, 45.5% and 35.2%, respectively, of our total new accounts.

Our Promoter has also granted us a non-exclusive license to use the "SBI" brand and trademark. If our rights to the "SBI" brand and trademark are discontinued for any reason, our reputation, business, financial condition, results of operations and prospects could be adversely affected. For more information, see "***Our Promoter and Promoter Group – Interest of SBI – Licensing agreement dated September 7, 2009 executed amongst SBI and our Company amended by way of Amendment to Licensing Agreement dated July 21, 2017 and Amendment Agreement to Licensing Agreement dated November 19, 2019 ("Licensing Agreement")***" on page 191.

In the past, in the ordinary course of business and in its capacity as a commercial banking institution, our Promoter has extended working capital loans and non-convertible debentures to us, out of which ₹97,666.01 million remained outstanding as of September 30, 2019. Our Promoter has contributed several members of our key management personnel, and we have also leveraged our Promoter's existing infrastructure and management expertise to support some of our business functions such as IT infrastructure, compliance and risk management, human resources and support for certain information systems. We also benefit from certain pricing advantages derived from our Promoter's size and scale in negotiating third-party vendor contracts, where we may in certain instances obtain more attractive group rate discounts than we could have obtained otherwise. Finally, our Promoter is also the sponsor bank for one of our payment network agreements, and withdrawal of our Promoter's support from this arrangement and our inability to find another sponsor bank, may result in a disruption of that payment network agreement. For more information, see "***Our Promoter and Promoter Group***" and "***Restated Financial Statements – Note 41***"on page 189 and 288, respectively.

Our arrangements with our Promoter are not exclusive. As a result, our Promoter could enter into similar or competing relationships with third parties, including our competitors. In addition, the agreements governing our arrangements with our Promoter allow our Promoter to terminate such agreements upon notice without cause. The termination of any of such arrangements could have a material adverse effect on our results of operations and financial condition.

Our Promoter is selling a partial equity stake in us through this offering. Although our Promoter would require the RBI's approval to relinquish control in us, we cannot assure you that our Promoter would not divest additional equity stakes in us in the future. Therefore, we cannot assure you that we will continue to enjoy the same level of support from our Promoter in the future, which could significantly impact our business model and materially adversely affect us. This could also hamper certain of our decision-making processes and could result in sudden or unexpected changes in our management, corporate policy and strategic direction, each of which could adversely affect us.

4. We use the "SBI" brand of our Promoter, and are exposed to the risk that the "SBI" brand may be affected by events beyond our control and that our Promoter may prevent us from using it in the future.

We do not own the "SBI" name, brand or trademark. The "SBI" name, brand and trademark, as well as the associated logo as displayed in our SBI Card brand are owned by our Promoter. We currently use the "SBI" logo pursuant to a license agreement entered into between us and our Promoter, under which our Promoter has granted to us the non-exclusive right to use the name, brand and trademark "SBI" and the associated logo in consideration for our payment of royalty fees to our Promoter. Under this license agreement, our Promoter has the right to terminate the license on occurrence of certain events, which include, among other things, our Promoter's shareholding in us falling below 26.00% of our outstanding equity share capital, if we undergo a change of control event pursuant to any change occurring in the composition of our board of directors or our shareholding pattern, or if we fail to pay royalty fees to our Promoter. There can be no assurance that our Promoter will not exercise its rights to terminate this license in the event that its shareholding falls below 26.00%, or for other reasons. Should this license be terminated, we would be required to change our name and brand, which could require us to expend significant resources to establish new branding and name recognition in the market, as well as undertake efforts to rebrand our branches and our digital presence, which could result in a material adverse effect on our reputation, business, financial condition and results of operations.

In addition, there can be no assurance that our Promoter's "SBI" brand, which we believe is a well-recognized brand in India due to its long presence in the Indian financial services markets, will not be adversely affected in the future by events or actions that are beyond our control, including cardholder complaints, developments in other businesses that use the "SBI" brand or adverse publicity. Any damage to the "SBI" brand, if not immediately and sufficiently remedied, could have an adverse effect on our business, financial condition and results of operations.

5. We may not be successful in implementing our growth strategies or penetrating new markets or services.

We have experienced significant growth in recent years. For instance, our total credit card receivables portfolio has grown from ₹103,052.0 million as of March 31, 2017 to ₹145,698.0 million as of March 31, 2018 and ₹185,262.9 million as of March 31, 2019. Our growth strategies primarily focus on, among others, increasing new card acquisitions and partnerships with retail chains and other retail outlets, capitalizing on SBI's infrastructure and largely untapped customer base, and stimulating growth in credit card transaction volumes. These strategies may not be as successful as we had initially anticipated and may ultimately be unsuccessful. Even if such strategies are partially successful, we cannot assure you that we will be able to manage our growth effectively, continue to grow our business at a rate similar to what we have experienced in the past or fully deliver on our growth objectives.

Challenges that may result from our growth strategies include our ability to, among other things:

- manage efficiently the operations and employees of our expanding businesses;
- manage difficulties arising from operating a larger and more complex organization;
- manage geographically-diverse operations and to efficiently and optimally allocate management, technology and other resources across our network;
- manage third-party service providers in relation to any outsourced services;
- maintain and grow our existing cardholder base;
- maintain and grow our credit card spends;
- maintain and grow our credit card receivables portfolio in proportion with the growth in credit card spends;
- maintain the level of customer service;
- assess the value, strengths and weaknesses of future investments;
- launch new products with an attractive value proposition;
- keep our information technology systems aligned and up to date with the rapidly evolving technology in the credit cards and payment services industries;
- complete new product development cycles successfully and in a timely fashion;
- scale up our technology infrastructure to meet the requirements of growing volumes;
- apply our risk management policy effectively;
- keep our cardholders' data secure and prevent data breaches; and
- hire and train additional skilled personnel;

each of which would have a potential adverse impact on our profitability.

We may not be able to effectively achieve or manage our growth. For example, we intend to increase partnerships with retail chains but there can be no assurance that we will be able to enter into such partnerships. Additionally, our intended increase in marketing spend to promote our products, and plans to capitalize on SBI's existing customer base may not result in us achieving a larger cardholder base. A key element of our business strategy is to increase the usage of our credit cards by our cardholders, and thereby increase our revenue from transaction and service fees and interest income. However, our cardholders' use and payment patterns may change because of social, legal, regulatory and economic factors, and cardholders may decide to other payment products instead of credit cards, not increase card usage, or pay their balances within the grace period to avoid charges. Our ability to increase card usage may be affected by competing card products, especially as the competition for the same share of wallet has been increasing with cardholders increasingly holding multiple cards from different credit card issuers, as well as by customer satisfaction levels, legislative or regulatory changes, or our ability to maintain and increase authorization rates for growing numbers of credit card transactions processed through our systems. Further, our competitors may introduce reward programs which may be more attractive than ours. If we are unable to continue to increase our cardholder engagement, our ability to grow usage of our credit cards may be hampered. As a result of these factors, we may be unable to increase or sustain credit card usage, which could impair growth in or lead to diminishing average balances and total revenue, and adversely affect the trading price of the Equity Shares. We may also fail to develop or retain the technical expertise required to develop and grow our digital capabilities.

To the extent that we fail to meet required targets, develop and launch new products or services successfully, we may lose any or all of the investments that we have made in promoting them, and our reputation with our cardholders could be harmed. Moreover, if our competitors are better able to anticipate the needs of individuals in its target market, we could lose market share and our business could be adversely affected.

Our inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our businesses, prospects, financial condition and results of operations, as well as the market price of the Equity Shares.

6. ***Our inability to effectively manage our funding and liquidity risk and risk arising out of an unsecured loan which may be recalled at any time could have a material adverse effect on our funding, profitability, liquidity and ability to meet our obligations.***

We need to effectively manage our funding and liquidity in order to meet our cash requirements such as day-to-day operating expenses, extensions of revolving credit to our cardholders, payments of principal and interest on our indebtedness and payments on our other obligations. If we do not have sufficient liquidity, we may be exposed to maturity mismatches between our assets and liabilities, face liquidity shortfalls and may not be able to meet our obligations when due, particularly during a liquidity stress event. In addition, as a growing financial services business, we have in the past experienced negative cash flows from operating activities in order to fund the growth in our credit card receivables portfolio, and we have financed these negative cash flows by accessing additional debt or equity financing. Any failure in obtaining additional debt financing in the future would adversely affect our ability to grow our credit card receivables portfolio.

RBI regulations do not permit non-deposit taking NBFCs, like us, to take deposits from the public. Our primary sources of funding and liquidity are working capital facilities from banks, issuance of non-convertible debentures, commercial paper and other debt securities, as well as our shareholders' equity. Further, we have also issued multiple series of unlisted NCDs, out of which one such series of unlisted NCDs may be recalled by lenders pursuant to a put/call option arising 18 months prior to the maturity date, subject to the applicable law.

We may need additional financing in the future to refinance our existing indebtedness and finance growth of our business. The availability of additional financing will depend on a variety of factors such as financial market conditions generally, including the availability of credit to the credit cards industry, our performance, capital adequacy levels, relationships with our lenders, our Promoter's and our credit ratings and our current and future results of operations and financial condition. Disruptions, uncertainty or volatility in the capital or credit markets, such as the uncertainty and volatility experienced in the capital and credit markets during periods of financial stress and other economic and political conditions in the global markets, as well as the government of India's indebtedness levels and fiscal policies, may limit our ability to obtain additional financing or refinance maturing liabilities on desired terms (including funding costs) in a timely manner or at all. As a result, we may be forced to delay obtaining funding or be forced to issue or raise funding on undesirable terms, which could significantly reduce our financial flexibility and cause us to contract or not grow our business, all of which could have a material adverse effect on our results of operations and financial conditions.

There can be no assurance that significant disruptions, uncertainties and volatility will not occur in the future. If we are unable to continue to finance our business and access capital markets on favorable terms and in a timely manner, or if we experience an increase in our borrowing costs or otherwise fail to manage our liquidity effectively, this may adversely affect our business growth and, as a result, impact our businesses, prospects, profitability, financial condition and results of operations, as well as the market price of the Equity Shares.

7. ***Our business depends on our ability to manage our credit risk, and failing to manage this risk successfully may result in high charge-off rates, which would materially adversely affect our business, profitability and financial condition.***

We seek to grow our credit card receivables portfolio while maintaining quality credit performance. Our success depends on our ability to manage our credit risk while attracting new cardholders with profitable usage patterns. We select our cardholders, manage their accounts and establish terms and credit limits using scoring models and other analytical techniques that are designed to set terms and credit limits to appropriately compensate us for the credit risk we accept, while encouraging cardholders to use their available credit. The models and approaches we use may not accurately predict future charge-offs due to, among other things, inaccurate assumptions. Inaccuracy of assumptions can arise, in particular, as some of our assumptions relate to matters that are inherently difficult to predict and beyond our control (e.g., macroeconomic conditions and their impact on our various partners' and cardholders' behaviors) and often involve complex interactions between a number of dependent and independent variables. Moreover, our models cannot predict loss of employment or prolonged or serious medical illness. Our models may also produce incorrect predictions of future events in relation to a cardholder due to erroneous or misleading data or information provided by such cardholder. The errors or inaccuracies in our models could be material. While we continually seek to improve our assumptions and models, we may make modifications that unintentionally cause them to be less predictive or we may incorrectly interpret the data produced by these models in setting our credit policies. This could lead us to make wrong or sub-optimal decisions in managing our business and allocating the appropriate product to cardholders based on their risk profile.

A cardholder's ability to repay us can be negatively impacted by increases in their payment obligations to other lenders under mortgage, credit card and other borrowing obligations. These changes can result from increases in base lending rates or structured increases in payment obligations, and could reduce the ability of our cardholders to meet their payment obligations to other lenders and to us. In addition, a cardholder's ability to repay us can be negatively impacted by the restricted availability of credit to consumers generally, including reduced and closed lines of credit. Cardholders with insufficient cash flow to fund daily living expenses and lack of access to other sources of credit may be more likely to increase their card usage and ultimately default on their payment obligations to us, resulting in higher credit losses in our portfolio. Our collection operations may not effectively secure more of our cardholders' diminished cash flow than our competitors. We may not identify cardholders who are likely to default on their payment obligations to us, which could have a material adverse effect on our business, results of operations and financial condition. Our strategy to increase our penetration in India's tier II and tier III cities and other smaller geographical regions may heighten these risks, as they may expose us to new cardholders with riskier credit profiles.

Our ability to manage credit risk may also be adversely affected by legal or regulatory changes (such as restrictions on collections and bankruptcy laws), competitors' actions and consumer behavior, as well as inadequate collections staffing, resources, techniques and models. Our failure to manage our credit and other risks may materially adversely affect our profitability and adversely affect the trading price of the Equity Shares.

8. ***Substantially all of our credit card portfolio is unsupported by any collateral that could help ensure repayment, and in the event of non-payment by a cardholder of their credit card receivables, we may be unable to collect the unpaid balance.***

We extend revolving unsecured credit to our cardholders as part of our business operations. As of March 31, 2017, 2018 and 2019, and September 30, 2019, 97.3%, 98.2%, 98.7% and 98.5%, respectively, of our credit card portfolio was unsecured.

Unsecured credit card receivables present a greater credit risk for us than a portfolio of secured loans because they are not supported by realizable collateral that could help ensure an adequate source of repayment for the credit card receivables. Although we may obtain direct debit instructions from our cardholders for such unsecured credit card receivables, we may still be unable to collect in part or at all in the event of non-payment by a cardholder. Further, any expansion in our unsecured credit card receivables portfolio could require us to increase our provision for credit losses, which would decrease our profitability.

9. Our business, financial condition and results of operations may be adversely affected by regulation or legislation limiting interchange fees.

Regulators and legislative bodies in a number of countries are seeking to reduce credit card interchange fees through legislation, competition-related regulatory proceedings, central bank regulation or litigation. Interchange reimbursement rates in India are set by payment networks such as MasterCard and Visa. In some jurisdictions, interchange fees and related practices are subject to regulatory activity that has limited the ability of certain networks to establish default rates, including in some cases imposing caps on permissible interchange fees. A development in certain countries could influence regulatory approaches other countries, including India. In India, the RBI has already implemented regulations limiting interchange fees payable on debit card transactions, and similar regulations could be extended to credit card transactions in the future.

Credit card interchange fees are one of the largest components of our total revenue from operations. Interchange fees comprised 21.1% and 21.9% of our total revenue from operations in the six months ended September 30, 2018 and 2019, respectively, and 22.5% in fiscal 2019, 21.5% in fiscal 2018 and 19.3% in fiscal 2017. Any change in laws or regulations which, among other things, prescribes a ceiling on, or otherwise restricts our ability to charge interchange fees or similar fees, may require us to restructure our activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business and our financial performance.

10. Regulatory changes limiting the interest rates we may charge our cardholders could adversely affect our business.

Indian regulations do not currently impose any limit on the interest rate we may charge our cardholders. However, Indian regulations could change, and our credit card receivables portfolio could become subject to interest rate caps in the future.

The interest that we earn on revolving and term credit card balances comprised 50.7% and 51.1% of our total revenue from operations in the six months ended September 30, 2019 and fiscal 2019, respectively, as compared to 53.2% in fiscal 2018 and 56.4% in fiscal 2017. Any change in Indian laws, regulations, policies or the manner in which they are interpreted (by the judiciary or otherwise) or enforced which has the effect of imposing a ceiling on the interest rates that may be charged by credit card issuers may require us to restructure our activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business and our financial performance.

11. Cyber-attacks or other security breaches could have a material adverse effect on our business, results of operation or financial condition.

In the normal course of business, we collect, process and retain sensitive and confidential information regarding our partners and our cardholders. Our operations therefore rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Although we devote significant resources and management focus to ensuring the integrity of our computer systems and networks through information security and business continuity programs, our systems and network are vulnerable to external or internal security breaches, acts of vandalism, computer viruses or other malicious code, misplaced or lost data, programming or human errors, or other similar events. Deficiencies in our internal management of information systems and data security practices also expose us to heightened risks which could cause damage to our reputation and adversely impact our business and financial results. Such vulnerabilities could result in a compromise or breach of the technology that we use to protect our cardholders' personal information and transaction data that we receive and store, which could lead to unauthorized use of our and our cardholders' data or to fraudulent transactions on our cards, as well as costs associated with responding to such an incident.

We also face risks related to cyber-attacks and other security breaches in connection with credit card transactions that typically involve the transmission of sensitive information regarding our cardholders through various third-parties, including our co-brand partners, merchant acquiring banks, payment processors, card networks (e.g., Visa and MasterCard) and our processors (e.g., Fiserv). Some of these parties have in the past been the target of security breaches and cyber-attacks, and because the transactions involve third parties and environments such as the point of sale that we do not control or secure, future security breaches or cyber-attacks affecting any of these third parties could impact us through no fault of our own, and in some cases, we may have exposure and suffer losses for breaches or attacks relating to them. We also rely on numerous other third-party service providers to conduct other aspects of our business operations and face similar risks relating to them. While we regularly conduct security assessments of significant third-party service providers, we cannot be sure that their information security protocols are sufficient to withstand a cyber-attack or other security breach.

It is possible that we and our third-party vendors and service providers may not be able to anticipate or implement preventive measures against all security breaches, especially because the techniques used change frequently or are not recognized until launched, and because security attacks can originate from a wide variety of sources. Third parties may also attempt to fraudulently induce our employees, cardholders, partners or other users of our systems to disclose sensitive information in order to gain access to our data or that of our cardholders or partners. These risks may increase in the future as we continue to increase our reliance on the internet and use of web-based product offerings and on the use of cyber-security. A successful penetration or circumvention of the security of our systems or a defect in the integrity of our systems or cyber-security could cause serious negative consequences for our business, including significant disruption of our business and operations, misappropriation of our confidential information or that of our cardholders, or damage to our computers or operating systems and to those of our cardholders, partners and counterparties. Although we have not experienced any material data breaches in the past, we cannot assure you that such breaches will not occur in the future.

Any successful cyberattacks or data breaches could result in proceedings or actions against us by governmental entities or others, which could subject us to significant awards, fines, penalties, judgments, and negative publicity arising from any financial or non-financial damages suffered by any individuals.

12. Our risk management processes and procedures may not be effective in mitigating all of our risk exposures.

Our risk management processes and procedures seek to appropriately balance risk and return and mitigate risks. We have established processes and procedures intended to identify, measure, monitor and control the types of risk to which we are subject, including credit risk, market risk, liquidity risk, operational risk (including compliance risk) and strategic risk. See **"*Our Business - Risk Management*"** on page 148 for additional information on the types of risks affecting our business.

We seek to monitor and control our risk exposure through regular internal audits and by completing risk rating matrix exercises to identify the severity of identified risks (i.e. high, medium or low) within financial, operational, regulatory compliances and reputational impact categories. Management of our risks in some cases depends upon the use of analytical and/or forecasting models. Our models may prove in practice to be less predictive than we expect for a variety of reasons, including as a result of errors in constructing, interpreting or using the models or the use of inaccurate assumptions (including failures to update assumptions appropriately or in a timely manner). Our assumptions may be inaccurate for many reasons including that they often involve matters that are inherently difficult to predict and beyond our control and they often involve complex interactions between a number of dependent and independent variables, factors and other assumptions. If the models that we use to manage these risks are ineffective at predicting future losses or are otherwise inadequate, we may incur unexpected losses or otherwise be adversely affected. In addition, the information we use in managing our credit and other risk may be inaccurate or incomplete as a result of error or fraud, both of which may be difficult to detect and avoid.

There may also be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated including when processes are changed or new products and services are introduced. If our audits and risk matrix do not effectively identify and control our risks, we could suffer unexpected losses or be adversely affected, and that could have a material adverse effect on our business, results of operations and financial condition, and adversely affect the trading price of the Equity Shares.

13. We are dependent on third-party payment networks to operate our credit card business.

We are dependent on third-party payment networks, including Visa, MasterCard and RuPay for the processing of payments made using our credit cards. We also earn interchange fees and business development incentives, primarily on account of cardholder spends, which represented 25.5% and 25.6% of our total revenue from operations for the six months ended September 30, 2019 and fiscal 2019, respectively. Interchange fees and business development incentives comprised 23.3% and 25.5% of our total revenue from operations in the six months ended September 30, 2018 and 2019, respectively, and 25.6% in fiscal 2019, 24.6% in fiscal 2018 and 21.9% in fiscal 2017. These payment networks may fail or refuse to process our credit card transactions adequately, may breach their agreements with us, or may refuse to renegotiate or renew these agreements on commercially reasonable terms. They may also take actions that degrade the functionality of our credit cards, impose additional costs or requirements on us, give preferential treatment to our competitors, or directly compete with us. If we are unsuccessful in establishing, renegotiating or maintaining mutually beneficial relationships with these payment networks, our business, financial position and results of operations could be materially and adversely affected.

In addition, these payment networks require us to comply with network operating rules, which are set forth and interpreted by these payment networks at their discretion and may be changed by them at any time. Failure to comply with these network rules or how they are interpreted could have a significant impact on our business and financial results. Moreover, any changes to or interpretations of the payment network rules that are inconsistent with the way we currently operate may require us to make changes to our business that could be costly or difficult to implement. If we fail to make such changes or otherwise resolve the issue with the payment networks, they could fine us or refuse to process our credit card payments, which could materially and adversely affect our business.

14. We have limited access to credit and other financial information on cardholders, which may decrease the accuracy of our assessment of credit risks and thereby increase the likelihood of cardholders defaults.

Our principal activity is to provide credit cards to cardholders located in India. The credit risk associated with our cardholders may be higher than in other economies due to the higher uncertainty in India's regulatory, political, and economic environment. India's system for gathering and publishing statistical information relating to the Indian economy generally or specific economic sectors within it or corporate or financial information relating to companies or other economic enterprises may not be as comprehensive as in countries with established market economies. The availability of accurate and comprehensive credit information on retail cardholders and small businesses in India is even more limited than for corporate clients, which reduces our ability to accurately assess the credit risk associated with extending credit to this cardholder segment. The credit risk associated with certain categories of retail cardholders, such as self-employed cardholders, may be even higher due to their potential to be more exposed to fluctuations in cash flows from income and their increased exposure to adverse economic conditions generally. Credit risks may also be higher with first time credit card users who often may not have credit histories that would enable us to accurately assess their creditworthiness, and our focus on expanding our new-to-credit portfolio may expose us to these increased risks.

In addition, many of the nationwide credit bureaus have become operational in India in recent years, and it may be some time before comprehensive information on the credit history of our cardholders, especially individuals and small businesses, is available to us. Although as part of our credit policy, we conduct credit checks of all our cardholders, including with credit bureaus and personal discussions, there can be no assurance that such credit information will be accurate or comprehensive.

The absence of reliable and comprehensive statistical and financial information relating to our present and prospective cardholders makes the assessment of credit risk more difficult. Such difficulties in assessing credit risks may lead to an increase in the level of our non-performing and restructured assets, which could materially and adversely affect our business and financial results. Moreover, as a part of our credit assessment process, we rely on information furnished to us by our cardholders (including in relation to their financial transactions and past credit history) and by third parties such as credit information companies or credit bureaus. We may receive inaccurate or incomplete information from our cardholders and such third parties, as a result of which our risk management measures may not be adequate to prevent or detect cardholders with high credit risk, which may adversely affect our business prospects, financial condition and results of operations.

Difficulties in assessing credit risks associated with certain cardholders, may lead to an increase payment defaults, which could adversely affect our business prospects, financial condition and results of operations.

15. Our provisions for credit losses may prove to be insufficient to cover losses on our credit card receivables.

We maintain provisions for credit losses at levels that we believe to be appropriate to provide for incurred losses in our credit card receivables portfolio. However, the process for establishing provisions for credit losses under the "expected credit loss" model involves a high degree of judgment and complexity, and is thus susceptible to being incorrectly or imprecisely estimated. Our provisioning coverage ratio (calculated as total provisions on Stage 3 assets divided by total Stage 3 assets) as of March 31, 2017, 2018 and 2019 was 67.9%, 67.3% and 66.5%, respectively, and 67.0% as of September 30, 2019. Although we maintain provisions for credit losses above the minimum levels prescribed by the RBI, we cannot fully predict such losses or give assurances that our provisions will be adequate in the future, and we may underestimate our incurred losses and fail to maintain sufficient provisions for credit losses to account for such losses.

We may not be successful in our efforts to improve collections and/or recoveries in relation to our NPAs, or otherwise adequately control our NPAs. Should the overall credit quality of our credit card receivables portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of NPAs. Moreover, we cannot assure you that our experience of NPA recoveries will be similar to that in the past.

Increases in our provisions for credit losses or recognized losses would result in a decrease in net earnings and capital, and could have a material adverse effect on our business, results of operations and financial condition and adversely affect the trading price of the Equity Shares.

16. Disruptions or failure in the operation of our technology infrastructure could have a material adverse effect on our business.

Our ability to deliver products and services to our cardholders, service our credit card receivables portfolio and otherwise operate our business and comply with applicable laws depends on the efficient and uninterrupted operation of our technology infrastructure, including our computer systems and data centers, as well as those of our partners and third-party service providers. This technology infrastructure may encounter service interruptions at any time due to system or software disruptions and failures caused by fire, power loss, telecommunications failures, unauthorized intrusion, computer viruses and disabling devices, natural disasters and other similar events may interrupt or delay our ability to provide services to our cardholders. In addition, our financial, accounting or other data processing systems and management information systems or our corporate website may fail to operate adequately or become disabled as a result of events that may be beyond our control or may be vulnerable to unauthorized access, computer viruses or other attacks. Although we have a disaster recovery plan in place, we may not be able to prevent or mitigate all service interruptions in the future, the effects of which could materially and adversely affect our business, financial condition and results of operations.

The credit cards industry is characterized by rapidly changing technologies, and the implementation of technology changes and upgrades to maintain current and integrate new systems may also cause service interruptions, transaction processing errors and system conversion delays and may cause our failure to comply with applicable laws, all of which could have a material adverse effect on our business. Conversely, our failure to maintain a current technology infrastructure could cause disruptions in our operations or cause our products and services to be less competitive, all of which could have a material adverse effect on our business, financial condition and results of operations.

17. Our results of operations and growth depend on our ability to retain our existing co-brand partners and attract new co-brand partners.

In the ordinary course of our business we enter into different types of contractual arrangements with business partners in a variety of industries to provide co-branded cards for consumers. We have co-brand partnerships with several companies in the travel, fuel, fashion, healthcare and mobility industries, including Air India, Apollo Hospitals, BPCL, Etihad Guest, Fbb, the IRCTC, OLA Money and Yatra, among others. Credit card spends from our co-branded credit cards represented 19.3% and 24.1% of our total credit card spends in fiscal 2019 and in the six months ended September 30, 2019, respectively. We also rely on our co-brand partners to acquire new customers through our open-market sourcing channels, and newly sourced co-brand accounts represented 29.6% and 36.0% of our total cardholder accounts sourced in fiscal 2019 and in the six months ended September 30, 2019, respectively.

The co-branding arrangements entered into by us with our co-brand partners are for a fixed period of time, typically ranging from three to five years, and the agreements terminate upon the expiry of the term, unless extended or renewed by the parties. Further, while certain of our co-brand agreements provide for a lock-in period, the parties have the ability to terminate the arrangement upon the expiry of the lock-in period, after providing a prior written notice in accordance with the terms of the respective agreements.

Competition for relationships with new and existing co-brand partners is very intense and there can be no assurance we will be able to grow or maintain these partner relationships or that they will remain as profitable. Establishing and retaining attractive co-brand partnerships is particularly competitive among card issuers. We face the risk that our co-brand arrangements may not be renewed or may be renewed on terms which are less favorable to us. In addition, existing relationships may be renewed with less favorable terms to us in response to increased competition for such relationships.

Our results of operations and growth may be impacted by our ability to retain existing co-brand partners and attract new co-brand partners. In addition, if our co-brand partners do not fulfil their obligations under our co-brand agreements, we may not able to achieve the anticipated benefits from our co-brand relationships. In particular, certain of our co-brand partners are responsible for significant contributions to our credit card spends and new cardholder account sourcing, and the loss of any significant co-brand partner, or any slowdown in such co-brand partners' individual business or the industry in which they operate, may adversely affect our operations.

18. We rely on third-parties for customer acquisitions, technology, platforms and other services integral to the operations of our businesses.

We rely on third-party service providers, merchants, cardholder acquisition channels, processors, aggregators, payment networks and other third parties for services that are integral to our operations, such as call center services, fraud control, payment processing, collections, logistical services and certain other services that we provide to our cardholders. We also rely in part on third party co-brand partners for new cardholder acquisitions. For more information on our key third party suppliers, see "***Our Business – Key Suppliers and Partnerships***" on page 144. As outsourcing, specialization of functions, third-party digital services and technology innovation within the credit card industry increase (including with respect to mobile technologies, tokenization, big data and cloud storage solutions), additional third parties may become involved in processing card transactions and handling our data, among other activities.

We are subject to the risk that activities of such third parties may adversely affect our business. If a service provider or other third party ceases to provide the services upon which we rely, whether as a result of natural disaster, operational disruptions or errors, terrorism, information or cyber security incidents, or any other reason, such failure could interrupt or compromise the quality of our services to cardholders or impact our ability to grow our business. We are also exposed to the risk that a disruption or other event at a third party affecting one of our service providers or co-brand partners could impede their ability to provide to us services or data on which we rely to operate our business. Service providers or other third parties could also cease providing data to us if we are unable to negotiate for data use rights or use our data for purposes that do not benefit us.

Our fraud control and collection teams work regularly with third party customer verification agencies, to conduct credit appraisals, to verify customer details and to collect overdue payments from customers. We also engage third party service providers, for engaging manpower for undertaking sales and related activities, as a part of our open market marketing channel. Accordingly, we are exposed to the risk that third party service providers may be unable to fulfil their contractual obligations to us (or will be subject to the risk of fraud or operational errors by their respective employees) and to the risk that their (or their vendors') business continuity and data security systems prove to be inadequate. Further, under RBI regulations, we are required to regulate and monitor the actions of the third parties engaged by us. For instance, we are required to ensure that the third parties appointed by us do not transfer or misuse any customer information during marketing of credit card products. Any defaults or lapses by our third party service providers could result in a material adverse effect on our business, reputation, financial condition and results of operations.

Additionally, we are dependent on certain external vendors or service providers for the implementation and maintenance of our systems. We are exposed to the risk that these external vendors or service providers may be unable to fulfil their contractual obligations to us (or will be subject to the risk of fraud or operational errors by their respective employees) and to the risk that their (or their vendors') business continuity and data security systems prove to be inadequate.

The management of multiple vendors also tends to increase our operational complexity. A failure to exercise adequate oversight over service providers, including compliance with service level agreements or regulatory or legal requirements, could result in regulatory actions, fines, sanctions or economic and reputational harm to us. In addition, we may not be able to effectively monitor or mitigate operational risks relating to our vendors' service providers. Although we may have the benefit of contractual indemnities in certain of our third-party service agreements, such indemnities may not always cover all types of liabilities we may incur and, even if they are within the scope of coverage, the amounts we recover under such indemnities may not be sufficient to cover all of our losses.

19. We may be unsuccessful in adapting to rapidly changing technologies and introducing new products or services to keep pace with such technological changes.

Technological changes continue to significantly impact the credit cards and payment services industries, such as continuing development of technologies in the areas of smart cards, radio frequency and proximity payment devices, electronic wallets, mobile commerce, data analytics, machine learning, block-chain and artificial intelligence, among others. For example, we may be unsuccessful in deploying new technologies to strengthen our credit underwriting capabilities, optimize marketing efforts, enhance customer service, drive efficiencies in back-office functions or reduce fraud. Mobile, e-wallet and tokenization platforms, including the increasingly prevalent unified payments interface platform, present formidable competition as they are able to attract large payment volumes at low or no payment processing fees to merchants. Therefore increasingly competitive mobile, e-wallet and tokenization spaces are expected to continue to present risks to our credit cards business and card-based transactions.

The effect of technological changes on our business is unpredictable. We depend, in part, on third parties for the development of and access to new technologies. We expect that new services and technologies relating to the payments business will continue to appear in the market, and these new services and technologies may be superior to, or render obsolete, the technologies that we currently use in our products and services. Rapidly evolving technologies and new entrants in mobile and emerging payments pose a risk to us both as a card issuer and credit provider. As a result, our future success may be dependent on our ability to identify and adapt to technological changes, integrate the new technology into our ecosystem and evolving industry standards and to provide payment solutions for our cardholders, merchants and financial institution customers. Additionally, most of our competitors are banking institutions with advanced technology infrastructure supporting their banking products and services. Accordingly, we may be placed at a disadvantaged as compared to our banking competitors.

Difficulties or delays in the development, production, testing and marketing of new products or services may be caused by a number of factors including, among other things, operational, capital and regulatory constraints. The occurrence of such difficulties may affect the success of our products or services, and developing unsuccessful products and services could result in financial losses as well as decreased capital availability. In addition, the new products and services offered may not be attractive to consumers, merchants or financial institution customers. Also, success of a new product or service may depend upon our ability to deliver it on a large scale, which may require a significant capital investment that we may not be in a position to make. If we are unable to successfully introduce and maintain new income-generating products and services while also managing our expenses, it may impact our ability to compete effectively and materially adversely affect our business and earnings, and the trading price of the Equity Shares.

20. We will continue to be controlled by our Promoter after the completion of the Offer, and the interests of our Promoter and other significant shareholders may conflict with your interests as a shareholder.

As of the date of this Draft Red Herring Prospectus, our Promoter holds 74.00% of our issued, subscribed and paid-up equity share capital, while CA Rover Holdings holds 26.00% of our issued, subscribed and paid-up equity share capital. Upon completion of the Offer, our Promoter and CA Rover Holdings will continue to hold a significant portion of our issued, subscribed and paid up Equity Share capital. Further, in exercise of its statutory rights under Indian law, our Promoter will have the right to nominate director(s) to our board of directors following the Offer and listing of our Equity Shares. In addition, CA Rover Holdings will have the right to nominate at least one director to our board of directors following the Offer and listing of our Equity Shares so long as its shareholding amounts to at least 10% (ten per cent) of our paid-up equity share capital, subject to the approval of our shareholders through a special resolution in our first shareholders' general meeting.

For details, see *"**Main Provisions of the Articles of Association**"* on page 422

Therefore, subsequent to the Offer and listing of our Equity Shares, our Promoter will continue to be able to control the outcome of matters submitted to our board of directors or shareholders for approval, and thus will continue to exercise significant control or influence over our business and major policy decisions. Further, CA Rover Holdings will have the right to nominate at least one voting member of our board of directors following the Offer and listing of our Equity Shares, and thus will also continue to exercise significant influence over us through their shareholding subsequent to the Offer and listing of our Equity Shares.

The interests of our Promoter, CA Rover Holdings and other significant shareholders may be different from our interests or the interests of other shareholders. For example, our Promoter could, by exercising their powers of control, delay or defer or initiate a change of control in us or a change in our capital structure, delay or defer a merger, consolidation, or discourage a merger with another company. Accordingly, our Promoter, CA Rover Holdings and other significant shareholders may take actions with respect to our business and the businesses of our peers and competitors that may not be in our or our other shareholders' best interests. The interests of our Promoter, CA Rover Holdings and other significant shareholders may therefore conflict with your interests as our shareholder and the interest of our other shareholders.

21. Changes in consumer behaviors, the increasing adoption of digital technologies, as well as legal or regulatory changes may affect our retail customer sourcing strategies and may adversely impact the competitive advantages we derive from our physical retail customer sourcing assets.

We have expended significant efforts in establishing a physical retail customer sourcing network, co-brand partnerships and other retail distribution assets. Advances in technology such as digital and mobile banking, in-branch self-service technologies, proximity or remote payment technologies, as well as changing consumer preferences for these other methods of delivering financial services, could decrease the value of our physical retail customer sourcing network, co-brand partnerships or other retail distribution assets and decrease the competitive advantage that we derive from such assets. Legal or regulatory changes (such as restrictions on the outsourcing of certain functions or on cross-selling activities at co-brand partners' points of sale) could also decrease the value of, or the competitive advantage that we derive from such assets. As a result, we may need to reevaluate our retail customer sourcing strategy and potentially restructure or reduce our retail customer sourcing network, co-brand partnerships and work force. This may also require us to invest significantly in building new technology platforms or other alternative strategies in order to continue competing effectively. These actions could lead to losses on these assets or could adversely impact the carrying value of such assets, reduce our revenues, increase our expenditures, dilute our brand and/or reduce consumer demand for our products and services. Further, to the extent that we change our retail customer sourcing strategy and as a result expand into new business areas, we may face more competitors with more experience in the new business areas and more established relationships with relevant customers, regulators and industry participants, which could adversely affect our ability to compete.

22. Changes in market interest rates could have a material adverse effect on our net earnings, funding and liquidity.

Credit card rates historically have not been driven by changes in interest rates to the same extent as, for instance, mortgages, as credit card rates are typically "managed" rates based on creditworthiness of the relevant cardholders. However, increasing or volatile interest rates could lead to higher interest costs for existing cardholders on their other indebtedness, which may affect their ability to repay their borrowings to other financial institutions and, by implication, the credit card receivables we have extended to them, which may lead to an increase in arrears among our cardholders as well as an increase in our impairment charges and charge-off rates. In addition, we may not be able to raise interest rates on our products in line with any increases in the prevailing interest rates immediately or at all due to competitive or other factors.

A higher interest rate environment could reduce demand for credit products generally and may also adversely impact our cardholders' spending levels, as individuals are less likely or less able to take on credit and increase consumption when interest rates are high. This could reduce the volume of new business for our credit card products and the amounts of our cardholders' credit card transactions, thus resulting in a material adverse impact on our revenue and profits. Higher interest rates could also adversely affect our ability to obtain new funding at a cost of funds that we deem reasonable or at all. These effects could be heightened if the share of our revenue from operations that we derive from interest income increases in the future, which could increase our exposure to interest rate volatility. These factors could have a material adverse effect on our business, results of operations and financial condition.

23. We are subject to capital adequacy requirements as stipulated by the RBI.

As an NBFC-ND-SI, we are subject to capital adequacy regulations prescribing the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio and of the risk adjusted value of our off-balance sheet items, as applicable. As per the capital adequacy norms issued by the RBI, our capital to risk ratio consisting of tier I and tier II capital should not be less than 15% of our aggregate risk-weighted on-balance sheet assets and of the risk-adjusted value of our off-balance sheet items. The tier I capital in respect of an NBFC-ND-SI, at any point of time, is required to be not be less than 10%. As of September 30, 2019, our CRAR was 19.0%, of which Tier I capital was 14.8%.

Any increase in RBI-mandated capital adequacy requirements applicable to us on account of regulatory changes or otherwise may compel us to commit our existing capital away from profitable business opportunities, or to raise additional capital, in order to meet these new capital adequacy requirements. For example, we may be compelled to dispose of certain of our assets and/or take other measures in order to obtain the necessary capital to meet higher capital adequacy requirements. This would limit our ability to grow our business or adversely impact our profitability and our future performance and strategy.

In addition, any failure to maintain adequate capital in the future, whether due to changes in regulations, a lack of access to capital markets or otherwise, may impact our ability to grow and support our business, and may subject us to regulatory penalties, which may materially and adversely affect our business, financial condition, results of operations and prospects.

24. We may fail to maintain an effective system of internal controls, which could prevent us from making timely and accurate reporting of our financial results.

We are vulnerable to risks arising from the failure of our employees to adhere to approved procedures, failures of security systems, information system disruptions, communication systems failure and data interception during transmission through external communication channels and networks. Failure to detect these breaches in security may adversely affect our operations. Our internal controls over financial reporting may not prevent or detect misstatements on a timely manner due to inherent limitations, including human error, circumvention or overriding of controls, embezzlement or fraud. In addition, several of our credit appraisal and collection-related processes are yet to be fully automated, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect.

We have implemented measures designed to address those internal control deficiencies and expect to continue to implement measures designed to improve our internal control over financial reporting. While we believe that these measures have been effective in correcting these internal control deficiencies in the past, we cannot be certain that, at some point in the future, another material weakness will not be identified or our internal controls will not fail to detect a matter they are designed to prevent, and failure to remedy such material weaknesses could result in a material misstatement in our financial statements and have a material adverse impact on our business, financial condition and results of operations.

Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, our financial reporting may be disclosed on an untimely basis or with inaccuracies, we could fail to meet our financial reporting obligations and we could be adversely affected.

25. We may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in India and in other jurisdictions where we may have operations. These laws and regulations require us, among other things, to adopt and enforce know-your-customer, anti-money laundering and combating financing of terrorism ("KYC/AML") policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions.

We have adopted policies and procedures aimed at detecting and preventing the use of our products and payment services for money laundering activities and by terrorists and terrorist-related organizations and individuals, such policies and procedures may not completely eliminate instances where we may be used by other parties to engage in money laundering and other illegal or improper activities. Our business and reputation could suffer if any such parties succeed in using our products or payment services for money laundering or other illegal or improper purposes.

We have in place internal controls, systems and procedures in conformity with the RBI directives and believe that our anti-money laundering and KYC compliance policies and procedures are generally adequate and in accordance with regulatory guidelines. However, to the extent that we fail to fully comply with applicable KYC/AML laws and regulations, the relevant government agencies and regulatory authorities may impose fines and other penalties against us, which could adversely affect our business and reputation.

We have in the past received regulatory observations highlighting certain instances of procedural lapses relating to KYC/AML rules and regulations. Such procedural lapses have included, for example, failure to obtain signed KYC documentation from certain of our cardholders. Although we have implemented corrective measures designed to prevent recurrence of these lapses, no assurances can be provided that such measures will be effective or that similar issues will not arise in the future.

The RBI as well as other regulators are empowered to impose penalties on us as an NBFC and our employees and take other administrative measures to enforce applicable regulatory requirements, and failure by us to comply with such regulatory requirements could expose us to significant monetary liabilities, regulatory challenges and reputational damage. Penalties imposed by regulators may generate adverse publicity for us and our business. Such adverse publicity, or any future scrutiny, investigation, inspection or audit which could result in fines, public reprimands, damage to our reputation, significant time and attention from our management, costs for investigations and remediation of affected cardholders, may materially adversely affect our business and financial results.

26. Our business depends on the continuity of our management team, skilled personnel and our ability to retain and attract talented personnel.

We are highly dependent on the services of our management team and other key personnel. Our ability to meet future business challenges depends, among other things, on their continued employment and our ability to attract and recruit talented and skilled personnel.

There can be no assurance that we will be able to retain our key personnel. Competition for skilled and professional personnel in the payments industry is intense. The loss of key personnel, an inability to recruit, train and retain a sufficient number of experienced personnel or the inability to manage attrition levels may have a material adverse impact on our business, our ability to grow and our control over various business functions.

27. Fraudulent activity associated with our products or our networks could cause our brand to suffer reputational damage, the use of our products to decrease and our fraud losses to be materially adversely affected.

We are subject to the risk of fraudulent activity associated with merchants, cardholders and other third parties handling cardholder information. Credit card fraud, identity theft and related crimes are prevalent and perpetrators are growing ever more sophisticated. Our resources, cardholder authentication methods and fraud prevention tools may be insufficient to accurately predict or prevent fraud. Additionally, our risk of fraud continues to increase as third parties that handle confidential consumer information suffer security breaches, and as we expand our business and introduce new products and features in the market. An increase in fraudulent and other illegal activity involving us could lead to reputational damage, damage our brand, and could reduce the use and acceptance of our credit cards. In addition, significant increases in fraudulent activity could lead to regulatory intervention (such as mandatory card reissuance) and reputational and financial damage to our brand. Each of these factors could negatively impact the use of our credit cards, the level of our fraud charge-offs, our financial condition, and other results of operations and thereby have a material adverse effect on our business. Although we have not yet been subject to a material incidence of frauds, we cannot assure you that material frauds will not occur in future.

28. Conflicts of interest may arise out of common business objectives shared by our Promoter and us.

Our Promoter was India’s largest commercial bank in terms of deposits, advances and number of branches as of September 30, 2019 according to the RBI. Accordingly, it engages in a broad spectrum of activities, including investments in credit cards through us, debit cards and payment services industry. In the ordinary course of its activities, our Promoter may engage in activities where the interests of certain of its business divisions, its affiliates, or the interests of its clients may conflict with the interests of our shareholders. In particular, we may compete with existing and future private and public credit card issuers or payment services companies that our Promoter may establish or invest in. Certain of these divisions and entities have or may have a business or investment strategy similar to our business strategy and therefore may compete with us, which may present various conflicts of interest. For example, in fiscal 2020, our Promoter began offering equated monthly instalment capabilities on debit card purchases by its customers, which would finance retail purchases into multiple instalments, which would compete with our credit card business in certain respects. Further, SBICAP Securities as well, which is our Group Company and is a registered corporate agent (composite), has a common pursuit such as ours.

In the event that any such conflicts of interest arise, our Promoter may make decisions regarding our operations, financial structure or commercial transactions that may not be in our shareholders’ best interests. It may also enable a competitor to take advantage of a corporate opportunity at our expense. Such decisions could have a material adverse effect on our business, financial condition, results of operations and prospects. Should we face any such conflicts in the future, they may not be resolved in our favor.

29. We, our Promoter and certain of our directors are involved in a number of legal and regulatory proceedings that, if determined against us or them, could have a material adverse impact on our future performance and reputation.

In the ordinary course of business, we, our Promoter and certain of our directors may become involved in certain legal or regulatory proceedings, regulatory investigations, audits or other inspections in the ordinary course which could result in judgments, fines, reprimands and damage to our reputation. These matters may also result in the diversion of significant time and attention from our management, significant costs for us to defend itself as well as costs for investigations and remediation of affected cardholders, each of which could adversely affect our business and financial results.
The list of material outstanding legal proceedings as on the date of this Draft Red Herring Prospectus is set out below.

S. No.	Name of Entity*	Criminal Proceedings	Tax proceedings	Statutory/ Regulatory proceedings*	Material civil litigation	Aggregate amount involved^ *(in ₹ million)*
1.	**Company**					
	By the Company	33,378	-	-	3	1,006.60
	Against the Company	-	15	1	10	4,786.11
2.	**Directors**					
	By the Directors	-	-	-	-	-
	Against the Directors	2	-	1	-	25
3.	**Promoter**					
	By the Promoter	82**	-	-	-	390,565.20
	Against the Promoter	1	Over 486	1	19	639,043.42

* *There is no pending litigation involving our Group Companies which will have a material impact on our Company*
** *SBI reported, 8 frauds during Fiscal 2018, 25 frauds during Fiscal 2019 and 48 frauds during the period from April 1, 2019 to November 22, 2019, which involved an amount of more than ₹ 1,000 million, each. The aggregate amount involved in such frauds were ₹ 14,620 million during Fiscal 2018, ₹ 107,250 million, during Fiscal 2019 and ₹ 267,575.20 million, during the period from April 1, 2019 to November 22, 2019.*
^ *To the extent quantifiable*

These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and quantifiable and include amounts claimed jointly and severally. These matters may arise for various reasons, including because we seek to recover monies from our cardholders or because our cardholders seek claims against us or for other reasons. Although it is our policy to make provisions for probable loss for litigation matters, we do not make provisions or disclosures in our financial statements where our assessment is that the risk is not probable.

We cannot assure you that the judgments in any of the litigation or regulatory proceedings in which we are involved would be favorable to us and if our assessment of the risk changes, our view on provisions will also change. Increased provisioning for such potential losses could have a material adverse effect on our results of operations and financial condition. If our provisioning is inadequate as compared to actual losses on final judgment, such additional losses could have a material adverse impact on our business and trading price of the Equity Shares. Any adverse outcome of litigation or regulatory proceedings could have a material adverse effect on our business, our future financial performance and trading price of the Equity Shares. We may also incur legal cost for a matter even if we have not made any legal provisions for the same. In addition, the cost of resolving a legal claim may be substantially higher than any amount reserved for that matter. For further information on litigation in which we are involved, see "***Outstanding Litigation and Material Developments***" on page 363.

30. The financial services industry is heavily regulated, and material changes in the regulations that govern us could cause our business to suffer.

We are a Non-Banking Financial Company – Systemically Important Non-Deposit Taking Company ("**NBFC-ND-SI**") registered with the RBI. We are also registered with the Insurance Regulatory and Development Authority of India ("**IRDAI**") to act as a "corporate agent (composite)". Further, we are also registered with the Indian Department of Telecommunications ("**DoT**") as an 'other service provider' for operating our call-centers for servicing our customers. Accordingly, in addition to the general regulations governing a company in India, we are also subject to comprehensive regulation and supervision by various regulatory authorities, including the RBI, the IRDAI and the DoT. We are required to obtain and maintain various statutory and regulatory permits and approvals from time to time to operate our business, which requires us to comply with certain terms and conditions to continue our operations.

The financial services industry is heavily regulated and is also subject to frequent change of policies and amendments based on changing macro-economic conditions. We cannot assure you that laws or regulations will not be adopted, amended, enforced or interpreted in the future in a manner that will not have a material adverse effect on our business and results of operations. For example, recent media articles have reported the RBI's intention to restrict the use of direct selling agents by banks to source retail loans and carry out physical document verification and, if such regulatory changes were to be extended to credit card issuers like us, we may be required to change the way in which we operate our business. In addition, the volume, granularity, frequency and scale of regulatory and other reporting requirements require a clear data strategy to enable consistent data aggregation, reporting and management. Inadequate management information systems or processes, including those relating to risk data aggregation and risk reporting, could lead to a failure to meet regulatory reporting requirements or other internal or external information demands and we may face regulatory penalties as a result. For further information, see "***Key Regulations and Policies in India***" on page 152.

For instance, we are required to obtain and maintain certificate of registration for carrying on business as an NBFC from the RBI, which is subject to numerous conditions and requirements including exposure limits, classification of NPAs, KYC requirements and other internal control mechanisms. We are also required to obtain and maintain certificate of registration for carrying on business as a composite corporate insurance agent from the IRDAI and as 'other service provider' from the DoT, each of which are further subject to certain conditions and requirements prescribed by the respective regulatory authority. For details of our pending applications, see "***Government and Other Approvals***" on page 374. Further, although we have no reason to believe that such statutory and regulatory permits and approvals will not be granted and/or renewed we cannot guarantee that we will be able to maintain, renew or obtain any required statutory and regulatory permits and approvals in the future, in a timely manner, or that no additional requirement will be imposed in connection with such request. In addition, we require various registrations to operate our branches in the ordinary course of business, such as those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax, labor related registrations and trade licenses of the particular state in which they operate. Some of these approvals may have expired, and we have either applied, or is in the process of applying for renewals of them. In the event that we are unable to renew or maintain such regulatory approvals or comply with any or all of the applicable terms and conditions, or seek waivers or extensions of time for complying with such terms and conditions, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of our license to operate as an NBFC and such similar actions by other regulators, as applicable. Any such actions may adversely affect our business, prospects, results of operations, financial condition and the trading price of our Equity Shares.

31. We operate from leased premises, including our Registered Office and Corporate Office, and we cannot assure you that our lease agreements will be renewed upon termination or will be renewed at the same or similar commercial terms.

The premises on which our Registered Office at New Delhi and Corporate Office at Gurugram are situated have been leased to us. The lease agreement in respect of our Registered Office is valid until June 30, 2020 and the lease agreements in respect of our Corporate Office are valid until September 30, 2020 and January 31, 2022. As on the date of this Draft Red Herring Prospectus, all of our 23 office locations (including our Registered Office and Corporate Office) are on leased premises, and we do not own any of these premises. Any of these lease agreements can be terminated, and any such termination could result in any of these offices being shifted or shut down. There can be no assurance that we will, in the future, be able to retain and renew the leases for the existing locations on same or similar terms, or will be able to find alternate locations for the existing branches on similar terms favourable to us, or at all. In the event we fail to find suitable premises for relocation of existing branches or offices, if required, or in relation to new or proposed branches, in time or at all this may cause a disruption of our operations in these premises and result in a material adverse effect on our business, financial condition and result of operation. Further, certain of these properties may have one or more irregularities of title, such as non-registration of lease deeds and there can be no assurance that we would be able to enforce our rights under the relevant lease agreements, and any inability to do so could impair our operations.

32. Our insurance policies may not be sufficient to cover all of our losses.

We maintain several types of insurance policies in line with the risk management policies of our business, which generally attempt to follow industry market practices for similar activities.

We maintain several types of insurance policies and have coverage that we deem appropriate and customary for a company of our size and nature. Our insurance policies include coverage for material risks, including cybersecurity breaches, fire, burglary, vehicle damage, lightning, explosion, windstorm, smoke, leakage, collapse, and certain other business risks. We have also obtained group term life insurance and a group health insurance policy which covers employees and their family members.

The coverage obtained by these insurance policies may not be sufficient to cover all the risks to which we are exposed, which could adversely affect us. Additionally, we may not be able to successfully contract or renew our insurance policies on satisfactory terms. If we are unable to procure adequate levels of insurance at rates that our management deems satisfactory, we could be adversely affected.

33. If we are alleged to have infringed upon the intellectual property rights owned by others or are not able to protect our intellectual property, our business and results of operations could be adversely affected.

Competitors or other third parties may allege that we, or consultants or other third parties retained or indemnified by us, infringe on their intellectual property rights. We also may face allegations that our employees have misappropriated intellectual property of their former employers or other third parties. Given the complex, rapidly changing and competitive technological and business environment in which we operate, and the potential risks and uncertainties of intellectual property-related litigation, an assertion of an infringement claim against us may cause us to spend significant amounts to defend the claim (even if we ultimately prevail), pay significant money damages, lose significant revenues, be prohibited from using the relevant systems, processes, technologies or other intellectual property, cease offering certain products or services, or incur significant license, royalty or technology development expenses. Moreover, the measures we rely on to protect our intellectual property and proprietary information, including trademarks, trade secrets and controls on access and distribution, may not prevent misappropriation or infringement of our intellectual property or proprietary information and a resulting loss of competitive advantage, and in any event, we may be required to litigate to protect our intellectual property and proprietary information from misappropriation or infringement by others, which is expensive, could cause a diversion of resources and may not be successful. We have filed applications in respect of trademarks, including our new logo, under various classes such as 9, 36, 38 and 42 with the Registrar of Trademarks under the Trade Marks Act, which are pending registration as on the date of this Draft Red Herring Prospectus. However, we cannot guarantee that any of our pending trademark applications will be approved by the applicable governmental authorities or that it will not be abandoned or objected by third parties. For further details, see "***Government and Other Approvals***" on page 374. Third parties may challenge, object, invalidate or circumvent our intellectual property, or our intellectual property and pending applications may not be sufficient to provide us with competitive advantages.

34. We are subject to certain restrictive covenants in our financing instruments that restrict, among other things, our ability to declare dividends and pledge assets as collateral.

As of September 30, 2019 and March 31, 2019, our total indebtedness was ₹174,273.44 million and ₹136,505.25 million, respectively. The financing documents relating to our outstanding indebtedness contain certain restrictive covenants that, among other things, require us to comply with the RBI's capital adequacy ratios and restrict, in certain circumstances, our ability to:

(i) declare dividends;
(ii) pledge assets as collateral;
(iii) undergo a change of control event;
(iv) undergo significant changes in our management;
(v) enter into mergers, consolidations or other corporate reorganizations;
(vi) change our memorandum of association or articles of association; and
(vii) take on new indebtedness.

These restrictions may limit our ability to react to changes in the Indian economy or the financial services industry, take advantage of profitable opportunities and fulfil our obligations under our other financing documents, which could adversely affect us. For more information, see "***Financial Indebtedness – Key terms of the borrowings availed by our Company – Restrictive covenants***" on page 322.

In the event of a breach of any such restrictive covenant, an event of default may be triggered, which could result in, among other things, the termination or suspension of the borrowing arrangement, enforcement of security interest, imposition of contractual penalties and payment of further interest at such rate as may be prescribed. An event of default could also potentially result in a cross default under our other debt obligations. In the event of an acceleration of our outstanding indebtedness, we may be unable to settle the outstanding amounts of our debts, which would adversely affect our business.

Although we are currently in compliance with the financial covenants contained in our existing financing documents, no assurances can be provided that we will continue to be in compliance in the future, or that we will be able to obtain waivers for any future instances of non-compliance. Further, we cannot assure you that, in the event of any such default, we will have sufficient resources to repay the outstanding amounts in accordance with the borrowing arrangements.

35. We may make acquisitions of businesses or purchases of portfolios or other assets, or pursue joint ventures, business combinations or other lines of business, which may prove unsuccessful or strain or divert our resources.

From time to time, we may seek to grow our business by acquiring or combining with other businesses through purchases of assets, such as credit card receivable portfolios. Successful growth through future acquisitions is dependent upon our ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favorable terms and ultimately complete such transactions and effectively integrate the acquired business.

Effective from April 1, 2018, SBI Business Process and Management Services Pvt Ltd (SBIBPMSL), an entity that provided back-end payment and processing services to us, was merged with and amalgamated into our Company. Although we believe this merger has resulted in operational synergies and process efficiencies to our business, such business combinations may also result in unforeseen operating difficulties and expenditures and may not result in the anticipated benefits.

In particular, we may fail to assimilate or integrate the merged or acquired businesses, technologies, services, products, personnel or operations of the merged companies, retain key personnel necessary to favorably execute the merged or acquired companies' business plan, or retain existing cardholders or sell acquired products to new cardholders. Such acquisitions may also disrupt our ongoing business, increase personnel costs, divert our resources and require significant management attention that would otherwise be available for ongoing development of our current business. Acquisitions may not necessarily contribute to business growth or profitability and may ultimately be unsuccessful. We could also experience difficulties in assimilating personnel and integrating operations and cultures, and may not realize the anticipated synergies or efficiencies from such transactions. These difficulties could disrupt our ongoing business, distract our management and employees, and increase our expenses. Even if the assets of the business are acquired for cash, we may overpay relative to the fair value of such assets, and this could result in losses, reduce our profitability and could have a material adverse effect on our business, results of operations and financial condition.

We may also implement new lines of business or offer new products and services within our existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where such markets are not fully developed. In developing and marketing new lines of business and new products or services, we may invest significant time and resources, our timetables for the introduction and development of new lines of business and new products or services may not be achieved, and their expected price and profitability targets may not prove feasible. Failure to successfully manage these risks in the development and implementation of new lines of business and new products or services could have a material adverse effect on our financial condition and results of operations.

36. A reduction in our credit ratings could materially increase the cost of our funding from, and restrict our access to, the capital markets.

We are currently rated AAA and A1+ by both CRISIL and ICRA. Our ratings are based on a number of factors, including our financial strength, as well as factors that may not be within our control, such as macroeconomic conditions and the rating agencies' perception of the industries in which we operate and the products we offer. These ratings also reflect the various methodologies and assumptions used by the rating agencies, which are subject to change and could adversely affect our ratings. A downgrade in our credit ratings (or investor concerns that a downgrade may occur) could materially increase the cost of our funding from, and restrict our access to, the capital markets.

37. We have in the past entered into related party transactions and will continue to do so in the future, which may potentially involve conflicts of interest with our shareholders.

We have in the past entered into related party transactions and will continue to do so in the future. For details, please see "***Financial Statements – Notes to Related Party Transactions***" on page 288. Please also see " — ***We derive substantial benefits from our existing relationship with our Promoter, and a loss or reduction in the level of support we receive from our Promoter could adversely affect us.****"* on page 29. While we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we will enter into related party transactions in the future, and such related party transactions may potentially involve conflicts of interest. Although all related party transactions that we may enter into will be subject to the Audit Committee or board of directors' or shareholders' approval, as necessary under the Companies Act, 2013 and the SEBI Listing Regulations, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, financial condition and cash flows.

38. ***Our ability to pay dividends in the future will depend upon applicable RBI regulations and our future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. The declaration and payment of dividends will be recommended by the board of directors and approved by the shareholders, at their discretion, subject to the provisions of the articles of association and applicable law, including the Companies Act, 2013. For example, RBI regulations require NBFCs, including us, to create a reserve fund which must contain a sum not less than 20% of their net profit every year, which could impact our ability to distribute dividends in the future. There can be no assurance that we will generate sufficient income to cover our operating expenses, meet regulatory obligations and pay dividends to our shareholders in a satisfactory amount or at all. For details on our dividend policy and history of dividend payments, see "***Dividend Policy***" on page 202 and "***—We are subject to certain restrictive covenants in our financing instruments that restrict, among other things, our ability to declare dividends and pledge assets as collateral***." on page 45.

Any future determination as to the declaration and payment of dividends will be at the discretion of our board of directors and will depend on factors that our board of directors deems relevant, including our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future. In addition, dividends distributed by us will be subject to dividend distribution taxes. Accordingly, realization of a gain on shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate.

39. ***Increasing regulatory focus on personal information protection could impact our business and expose us to increased liability.***

Regulators in various jurisdictions are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. This increased scrutiny may result in new interpretations of existing laws, thereby further impacting our business. Recent regulations, such as the General Data Protection Regulation ("**GDPR**"), which went into effect in the European Union ("**EU**") on May 25, 2018, applies to the collection, use, retention, security, processing, and transfer of personally identifiable information of residents of EU countries. In India, the Supreme Court, in a judgment delivered on August 24, 2017, has held that the right to privacy is a fundamental right. Following this judgment, the Government of India is considering enactment of Personal Data Protection Bill, 2018 ("**Data Protection Bill**") for implementing organizational and technical measures in processing personal data and lays down norms for cross-border transfer of personal data and to ensure the accountability of entities processing personal data. The enactment of this Bill may introduce stricter data protection norms for a company such as us and may impact our processes. Any failure, or perceived failure, by us to comply with any applicable regulatory requirements, including but not limited to privacy, data protection, information security, or consumer protection-related privacy laws and regulations, could result in proceedings or actions against us by governmental entities or individuals, subject us to fines, penalties, and/or judgments, or otherwise adversely affect our business, as our reputation could be negatively impacted. In addition, and attributable to some degree to the increased regulatory focus on personal information protection, certain of our agreements with licensee partners contain data privacy protection requirements, the breach of which may negatively affect the arrangements we have with such licensee partners.

40. ***We have had negative cash flow from operating activities in the past and we expect to continue experiencing negative cash flows in the future.***

	Year ended March 31,			Six months ended September 30,	
	2017	**2018**	**2019**	**2018**	**2019**
			(₹ in million)		
Cash flow from operating	(22,348.80)	(28,770.89)	(23,649.43)	(9,894.37)	(37,696.90)

	Year ended March 31,			Six months ended September 30,	
	2017	2018	2019	2018	2019
	(₹ in million)				
activities					
Cash flow from investing activities	(8.45)	(314.85)	(723.90)	(215.88)	(279.73)
Cash flow from financing activities	22.442.30	29,349.00	27,414.33	11,807.48	35,136.14

For further details, see "***Financial Statements – Restated Statement of Cashflows***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 210 and 324, respectively.

41. Non-compliance with regulatory observations made during periodic inspections could expose us to penalties and restrictions which could have a material and adverse effect on us.

We are subject to periodic inspection by regulatory authorities, including the RBI and IRDAI. Such inspections include review of our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to regulators. We cannot assure you that the such inspections will not result in negative findings or observations by regulatory authorities in the future or that we will be able to respond to all such queries in a satisfactory manner. In the event we are unable to satisfactorily address regulatory observations or are unable to comply with any specified regulatory requirements for any reason, we may be subject to monetary sanctions and may also be restricted in our ability to conduct our business. Any such outcome would have a material and adverse effect on our business, financial condition and reputation.

42. We may be impacted due to seasonality.

Typically, there is an increase in spending on our credit cards during holiday and festival seasons in India. During the same periods, availability of outsourced sales manpower is lower and may impact the sourcing of new accounts. We also run promotional offers during holiday and festival seasons to promote usage of our credit cards, as a result of which we may experience higher spends and receivables during such holiday and festival seasons. This seasonality can be expected to cause quarterly or yearly fluctuations in our spends, new accounts sourcing, revenue, profit margins and net earnings.

43. One of our group companies is involved in SEBI proceedings in relation to certain non-compliances under securities related laws.

One of our group companies, SBI Funds Management Private Limited ("**SBI Funds**") is involved in proceedings initiated against it by SEBI. The proceedings have been initiated pursuant to investigation by SEBI for alleged violations by SBI Funds of SEBI (Prohibition of Insider Trading) Regulations, 1992 and the SEBI (Prohibition of Insider Trading) Regulations, 2015. While, SEBI had issued show-cause notices, which have been responded to by SBI Funds, no orders have yet been passed by SEBI in relation to such show–cause notices.

44. We have issued Equity Shares during the preceding one year at a price that may be below the Offer Price.

In the 12 months preceding the filing of this Draft Red Herring Prospectus, we have issued Equity Shares at a price that may be lower than the Offer Price. The price at which Equity Shares have been issued by us in the preceding one year is not indicative of the price at which they will be issued or traded. For more information, see "***Capital Structure – Notes to Capital Structure – Issue of Equity Shares at a price lower than the Offer Price in the last year***" on page 78.

45. Our management has discretion in how it may use the proceeds of the Offer and it may use them in ways you may not agree with.

Our use of the proceeds of the Offer is at our management's discretion. As described in the section entitled *"**Objects of the Offer**"* on page 89, we intend to use the Net Proceeds of the Offer to augment our capital base to meet our future capital requirements. We have not entered into any definitive agreements and do not have any definite and specific commitments towards the aforementioned purposes for which we intend to use the Net Proceeds of the Offer. The planned use of the Net Proceeds of the Offer is based on current conditions and is subject to change in light of changes in external circumstances, costs, other financial conditions or business strategies. Our management will have broad discretion in how it applies the proceeds and there is no assurance that it will use the proceeds of the Issue in ways with which you agree.

46. The trading in our NCDs may be limited or sporadic, which may affect our ability to raise debt financing in future.

Our NCDs are listed on the debt segment of the BSE. Trading in our NCDs has been limited and we cannot assure you that the NCDs will be frequently traded on the BSE or that there would be any market for the NCDs. Further, we cannot predict if and to what extent a secondary market may develop for the NCDs or at what price the NCDs will trade in the secondary market or whether such market will be liquid or illiquid.

47. Our Company may not be able to obtain regulatory approvals required for any progressive changes in its paid-up equity share capital.

Under the Master Directions, we would be required to obtain prior RBI approval for any future change in our shareholding pattern, including, for example, acquisitions or transfers in excess 26% of our paid-up equity capital and any changes in our management structure exceeding 30% of our directors (excluding independent directors). For further details, see "***Government and Other Approvals***" and "***Key Regulations and Policies in India***" on pages 374 and 152 respectively.In terms of the RBI Letter dated September 19, 1998, our Promoter is required to obtain prior permission of the RBI for *inter-alia*, any further equity contribution by our Promoter to the Company and transferring or otherwise dealing in any manner with its shareholding in the Company. There can be no assurance that we will receive such approvals from the RBI for any changes in our shareholding pattern in the future or our Promoter will receive approvals for, inter-alia, making any further equity contribution to the Company or transferring or otherwise dealing in any manner with its shareholding in the Company. A failure to obtain these approvals could hamper certain of our decision-making processes and could result in sudden or unexpected changes in our corporate policy and strategic direction, may impact the ability of our Promoter to participate in future issuances of securities by us and could significantly impact our business model and adversely affect us.

48. We have not been able to obtain certain records of the educational qualifications of a Director and have relied on declarations and undertakings furnished by such Director for details of his profile included in this Draft Red Herring Prospectus.

Our director, Dinesh Kumar Mehrotra (Independent Director), has been unable to trace copies of documents pertaining to his educational qualifications. Accordingly, reliance has been placed on declarations, undertakings and affidavits furnished by such director to us and the BRLMs to disclose details of their educational qualifications in this Draft Red Herring Prospectus. We and the BRLMs have been unable to independently verify these details prior to inclusion in this Draft Red Herring Prospectus. Further, there can be no assurances that our Director will be able to trace the relevant documents pertaining to his qualifications in future, or at all.

EXTERNAL RISKS

Risks Relating to India

49. Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. The occurrence of any financial disruptions may have an adverse effect on our cost of funding, credit card receivables portfolio, business, future financial performance and the trading price of the Equity Shares.

Developments in the Eurozone, recessionary economic conditions as well as concerns related to the impact of tightening monetary policy in the United States and a trade war between large economies may lead to increased risk aversion and volatility in global capital markets. For example, following a national referendum in which a narrow majority of voters in the United Kingdom elected to withdraw from the European Union, the government of the United Kingdom formally initiated the process for withdrawal in March 2017. The terms of any withdrawal are subject to a complex and ongoing negotiation between the United Kingdom and the European Union whose result and timing remain unclear and which has created significant political and economic uncertainty about the future trading relationship between the United Kingdom and the European Union in the event of a withdrawal, particularly in light of the possibility that an immediate, so-called "no deal" withdrawal could occur without a negotiated agreement. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

Any significant financial disruption in the future could have an adverse effect on our cost of funding, credit card receivables portfolio, business, future financial performance and the trading price of the Equity Shares. Adverse economic developments overseas in countries where we have operations could have a material adverse impact on us and the trading price of the Equity Shares.

50. Financial difficulty and other problems in certain financial institutions in India could materially adversely affect our business and the price of our Equity Shares.

We are exposed to the risks of the Indian financial system. The financial difficulties faced by certain Indian financial institutions could materially adversely affect our business because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Such "systemic risk", may materially adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and materially adversely affect our business. For instance, towards the end of 2018, defaults in debt repayments by a large NBFC in India, Infrastructure Leasing & Financial Services Limited, which had a significant shareholding from government-owned institutions, led to heightened investor focus around the health of the broader NBFC sector as well as their sources of liquidity. This has led to some tightening in liquidity available to certain NBFCs and, as a result, it has become more difficult for certain NBFCs to renew loans and raise capital in recent times. If any event of similar nature or magnitude affecting the market sentiment surrounding the sector occurs again in the future, it may result in increased borrowing costs and difficulties in accessing cost-effective debt for us. Our cost of borrowings is sensitive to interest rate fluctuations which exposes us to the risk of reduction in spreads (which is the difference between our finance cost and the interest income that we earn on our loans and investments), on account of volatility in interest rates. In addition, our transactions with these financial institutions expose us to various risks in the event of default by a counterparty, which can impact us negatively during periods of market illiquidity.

51. A downgrade in ratings of India, may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating is Baa2 with a "stable" outlook (Moody's), BBB-with a "stable" outlook (S&P) and BBB-with a "stable" outlook (Fitch). Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available , including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

52. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business, prospects and results of operations.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax ("GST") regime with effect from July 1, 2017 that combines multiple taxes and levies by the Central and State Governments into a unified tax structure. Further, we are registered as a "telemarketer" under the Telecom Commercial Communication Customer Preference Regulations, 2018 (the "**Telecom Regulations 2018**"), which is a relatively recent regulatory scheme that is still untested and subject to certain legal uncertainties, and we may be subject to penalties if our interpretation of the Telecom Regulations 2018 is inconsistent with that followed by the relevant authorities.

Unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

53. Natural calamities, terrorist attacks, civil disturbances, outbreaks of contagious diseases, power outages and other disruptions could have a negative impact on the Indian economy and could cause our business to suffer and the trading price of the Equity Shares to decrease.

India has experienced natural calamities such as earthquakes, floods and drought in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. For example, in fiscals 2015 and 2016, many parts of India received significantly less than normal rainfall, which significantly impacted the performance of the agricultural sector. An erratic monsoon season could also adversely affect sowing operations for certain crops and result in a decline in the growth rate of the agricultural sector. Prolonged spells of below-normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and potentially causing the trading price of the Equity Shares to decrease.

India has from time to time experienced instances of social, religious and civil unrest and hostilities between neighboring countries. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. Certain countries in Southeast Asia have reported cases of bird-to-human transmission of avian and swine influenza, resulting in numerous human deaths. The World Health Organization and other agencies have issued warnings on a potential avian or swine influenza pandemic if there is sustained human-to-human transmission. Future outbreaks of avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region. As a result, any present or future outbreak of avian or swine influenza or other contagious disease could have a material adverse effect on our business and the trading price of the Equity Shares.

Risks Relating to the Offer and Investments in Our Equity Shares

54. An investment in the Equity Shares is subject to general risks related to investments in Indian companies.

We are incorporated in India and all of our assets and employees are located in India. Consequently, our business, results of operations, financial condition and the market price of the Equity Shares will be affected by changes in interest rates in India, policies of the Government of India, including taxation policies along with policies relating to industry, political, social and economic developments affecting India.

55. The trading volume and market price of the Equity Shares may be volatile following the Offer and could adversely affect the price of the Equity Shares.

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research

analysts and investors;

- conditions in financial markets, including those outside India;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

56. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition.

Our Restated Financial Statements included in this Draft Red Herring Prospectus have been prepared under Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 to the extent applicable. For further details, see "***Financial Statements***", beginning on page 203.

Except as otherwise provided in the **"*Financial Statements*"** beginning on page 203, with respect to Indian GAAP, no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to any other principles or to base the information on any other standards. Ind AS differs from other accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Persons not familiar with Ind AS should limit their reliance on the financial disclosures presented in this Draft Red Herring Prospectus. In addition, our Restated Financial Statements may be subject to change if new or amended Ind AS accounting standards are issued in the future or if we revise our elections or selected exemptions in respect of the relevant regulations for the implementation of Ind AS.

57. Our Restated Financial Statements may not be comparable to the financial information of our main competitors.

Our Restated Financial Statements included in this Draft Red Herring Prospectus have been prepared in accordance with Ind AS. Under the applicable Indian regulations, Ind AS is still not applicable to scheduled commercial banks, some of which are our primary competitors, and prepare their financial statements in accordance with Indian GAAP. Ind AS differs in many respects from Indian GAAP. The key areas of difference between Indian GAAP and Ind AS as it applies to us include accounting of financial instruments, accounting for revenue recognition, accounting for leasing etc. Our Restated Financial Statements therefore may not be comparable in certain material respects to the financial statements of our primary competitors.

58. Any future issuance of our Equity Shares may dilute prospective investors' shareholding, and sales of our Equity Shares by our major shareholders may adversely affect the trading price of our Equity Shares.

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering, may lead to the dilution of investors' shareholdings in us. Upon completion of the Offer, our major shareholders will continue to own an aggregate of [●]% of our Equity Shares. Any future issuances of Equity Shares (including under our ESOS Scheme) or the disposal of Equity Shares by our major shareholders or the perception that such issuance or sales may occur, may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of the Equity Shares. Any future issuances could also dilute the value of your investment in the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

59. Foreign investors are subject to foreign investment limits prescribed under Indian laws that may limit our ability to attract foreign investors, which may have a material adverse impact on the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other government agency can be obtained on any particular terms or at all.

60. Our ability to raise foreign funds may be constrained by Indian law.

As an Indian NBFC ND-SI, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

61. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their bids (in terms of quantity of Equity Shares or the bid amount) at any stage after submitting a bid, and Retail Individual Investors are not permitted to withdraw their bids after bid/offer closing date.

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to block the bid amount on submission of the bid and are not permitted to withdraw or lower their bids (in terms of quantity of equity shares or the bid amount) at any stage after submitting a bid. Similarly, Retail Individual Investors can revise or withdraw their bids at any time during the bid/offer period and until the bid/offer closing date, but not thereafter. Therefore, QIBs and Non-Institutional Investors will not be able to withdraw or lower their bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or otherwise at any stage after the submission of their bids.

62. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such preemptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional equity interests in us may be reduced.

63. Statistical and industry data in this document are subject to various assumptions and we cannot assure you that such assumptions are correct or will not change.

The information in the sections entitled "***Industry Overview***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on pages 99, 127 and 324 respectively, of this Draft Red Herring Prospectus includes information that is derived from CRISIL's report titled "*Analysis of credit cards industry in India*" (the "**CRISIL Report**"). We commissioned this report for the purpose of confirming our understanding of the Indian credit card industry in connection with the Offer. Neither us, the Book Running Lead Managers nor any person related to this Offer have independently verified data obtained from the CRISIL Report or any other industry publications or industry sources referred to in this Draft Red Herring Prospectus and therefore, while we believe such data to be true, we cannot assure you that such data is complete or reliable. CRISIL has advised that while it has taken due care and caution in preparing the CRISIL Report based on information obtained from sources which it considers reliable, but it does not guarantee the accuracy, adequacy or completeness of the CRISIL Report or the data therein and is not responsible for any errors or omissions or for the results obtained from the use of the CRISIL Report or the data therein. The CRISIL Report highlights certain industry and market data relating to us and our competitors. Such data is subject to many assumptions. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that CRISIL's assumptions are correct or will not change and accordingly our position in the market may differ from that presented in this Draft Red Herring Prospectus. Further, the CRISIL Report is not a recommendation to invest or disinvest in us or any company covered in the CRISIL Report. CRISIL has stated that it is not responsible for any loss or damage arising from the use of the CRISIL Report. Prospective investors are advised not to unduly rely on the CRISIL Report when making their investment decision. For further details, see "***Industry Overview***" on page 99.

64. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

65. Investors may have difficulty enforcing foreign judgments in India against us or our management.

We were constituted under the Companies Act, 1956 and are an existing company within the meaning of the Companies Act, 2013. Substantially all of our directors and executive officers and some of the experts named herein are residents of India and a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process on us or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India predicated upon civil liabilities on us or such directors and executive officers under laws other than Indian Law.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom; however, no reciprocity has been established with the United States. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Indian Code of Civil Procedure, 1908 (the "**Civil Code**"). The Civil Code only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favor such final judgment is rendered may bring a fresh suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment. Generally, there are considerable delays in the disposal of suits by Indian courts.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. We cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

66. The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares cannot be ensured. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India, volatility in the Stock Exchanges, securities markets in other jurisdictions and changes in economic, legal and other regulatory factors. Further, the BRLMs have previously handled issues wherein the market price of the issued shares declined below the issue price of shares in such issues within 30 days of their listing and in certain cases continued to trade at a price lower than their listing price on the 180th day from their listing. We cannot, therefore, assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

67. You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the stock exchanges, the quantum of gains and any available treaty exemption. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of Securities Transaction Tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

68. The requirements of being a publicly listed company may strain our resources.

We are not a publicly listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the Listing Regulations which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies. Further, as a publicly listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our management's attention may be diverted from our business concerns, which may adversely affect our business, prospects, financial condition and results of operations. In addition, we may need to hire additional legal and accounting staff with appropriate experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

69. There is a substantial risk that the Company is and will be a passive foreign investment company.

The Company will be a passive foreign investment company (a ''PFIC'') for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. Passive income generally includes interest, dividends, royalties and gains from transactions in commodities, and rents. The application of the PFIC rules in our circumstances is not clear. For the purposes of this determination, interest income (which for this purpose includes interchange fees and may include certain other fees) is generally considered "passive income." Under recently proposed U.S. Treasury regulations, certain interest income may be excluded under special rules governing income derived in the active conduct of a financing trade or business. However, it is not clear how such special rules would apply in our case because a large proportion of our workforce is classified as independent contractors, although we also employ several thousand employees to conduct substantially all our activities. In addition, it is not clear what fraction of our income from fees and services would be treated as passive. The PFIC determination is a factual determination that must be made annually after the close of each taxable year. The Company will be a PFIC for each year in which a sufficient amount of such income and the proportion of assets from which it is derived are treated as passive. Although we believe we are engaged in an active conduct of a financing trade or business, and several arguments support the conclusion that we can benefit from the special rules applicable to income derived from such active conduct, we have not conducted the analysis necessary to determine our PFIC status and do not intend to do so in future. Because the application of the law to the Company is unclear and the composition of the Company's income and assets is not clear, there is a substantial risk that the Company will be a PFIC for the current taxable year and/or in the foreseeable future. If the Company is a PFIC for any taxable year during which a U.S. investor holds the Company's stock, such U.S. investor generally will be subject to adverse U.S. federal income tax consequences, including increased tax liability on gains from dispositions of Shares and certain excess distributions, and a requirement to file annual reports with the U.S. Internal Revenue Service. Prospective U.S. investors are urged to consult their tax advisers regarding the Company's PFIC status for any taxable year and the tax consequences to them in the case that the Company is a PFIC.

SECTION III – INTRODUCTION

THE OFFER

The following table summarizes details of the Offer:

Offer of Equity Shares of face value of ₹ 10 each(1)(2)	Up to [●] Equity Shares of ₹ [●] each aggregating up to ₹ [●] million
The Offer consists of:	
Fresh Issue(1)	[●] Equity Shares aggregating to ₹ 5,000 million
Offer for Sale(2)	Up to 130,526,798 Equity Shares aggregating up to ₹ [●] million
Employee Reservation Portion(3)	Up to 1,864,669 Equity Shares
SBI Shareholders Reservation Portion(3)	Up to 13,052,680 Equity Shares
Net Offer	Up to [●] Equity Shares
Of which	
A. QIB Category(3)	Not more than [●] Equity Shares
Of which:	
Anchor Investor Portion(4)	Up to [●] Equity Shares
Balance available for allocation to QIBs other than the Anchor Investor Portion (assuming the Anchor Investor Portion is fully subscribed)	[●] Equity Shares
Of which:	
Available for allocation to Mutual Funds only (5% of the QIB Category (excluding Anchor Investor Portion))	Atleast [●] Equity Shares
B. Non-Institutional Category	Not less than [●] Equity Shares
C. Retail Category	Not less than [●] Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	932,334,278 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Utilisation of Net Proceeds	See "***Objects of the Offer***" on page 89 for information about the use of the Net Proceeds. Our Company will not receive any proceeds from the Offer for Sale.

(1) *The Offer has been authorized by our Board pursuant to its resolution dated August 14, 2019 and by a special resolution of our Shareholders adopted at the meeting held on September 27, 2019.*

(2) *SBI has provided its in-principle approval for its participation in the Offer pursuant to a resolution passed by the Executive Committee of the Central Board of SBI on August 14, 2019. Subsequently, SBI has provided its final approval for its participation in the Offer of up to 37,293,371 Equity Shares of our Company pursuant to a resolution passed by the Executive Committee of the Central Board of SBI on November 14, 2019. CA Rover has, pursuant to a board resolution dated November 5, 2019 and consent letter dated November 24, 2019, authorised its participation in the Offer for up to 93,233,427 Equity Shares of our Company. For details see "**Other Regulatory and Statutory Disclosures – Authority for the Offer - Approvals from the Selling Shareholders**" on page 377.*

(3) *In the event aggregate demand in the QIB Category has been met, under-subscription, if any, in any category, including the Employee Reservation Portion and the SBI Shareholders Reservation Portion except the QIB Category, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange. In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. Under-subscription, if any, in any category, including the Employee Reservation Portion and the SBI Shareholders Reservation Portion, except in the QIB Category, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange. In the event of under-subscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated prior to Equity Shares offered pursuant to the Offer for Sale. For details, see "**Terms of the Offer**" on page 395.*

(4) *Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price. In the event of under subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added back to the Net QIB Category. For further details, see "**Offer Procedure**" on page 404.*

(5) *Our Company and the Selling Shareholders in consultation with the BRLMs, may offer an Employee Discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share), which shall be announced two Working Days prior to the Bid/Offer Opening Date.*

- Pursuant to Rule 19(2)(b) of the SCRR, the Offer is being made for at least [●]% of the post-Offer paid-up equity share capital of our Company.
- Our Company will not receive any proceeds from the Offer for Sale.

- Allocation in all categories, except the Anchor Investor Portion if any, and the Retail Category, shall be made on a proportionate basis. For more information, see "***Offer Procedure***" on page 404.

For details, including in relation to grounds for rejection of Bids, refer to "***Offer Procedure***" on page 404. For details of the terms of the Offer, see "***Terms of the Offer***" on page 395.

SUMMARY OF FINANCIAL INFORMATION

*The summary financial information presented below should be read in conjunction with "**Financial Statements**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages* 203 *and* 324*, respectively.*

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SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)

Restated Statement of Assets and Liabilities

(Figure in Rupees Million, unless otherwise stated)

	Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
	ASSETS					
1	**Financial Assets**					
	(a) Cash and cash equivalents	4,471.48	5,413.02	7,335.04	3,119.03	1,747.22
	(b) Bank Balance other than (a) above	455.78	1,010.97	432.71	1,607.74	1,082.25
	(c) Derivative financial instruments	-	462.92	1.04	-	-
	(d) Receivables					
	(i) Trade Receivables	1,798.27	684.70	1,488.23	229.99	252.78
	(ii) Other Receivables	1,028.52	1,348.84	1,461.97	1,277.33	1,072.02
	(e) Loans	222,794.83	156,659.30	179,087.27	140,455.39	99,828.51
	(f) Investment	14.63	14.63	14.63	0.01	0.01
	(g) Other financial assets	290.31	530.50	306.09	1,139.22	24.71
	Total financial assets	**230,853.82**	**166,124.88**	**190,126.98**	**147,828.71**	**104,007.50**
2	**Non- financial assets**					
	(a) Current tax assets (Net)	645.88	-	-	-	-
	(b) Deferred tax assets (Net)	1,285.68	1,078.03	1,665.12	880.06	1,292.02
	(c) Property plant and equipment	541.71	404.08	575.42	418.61	16.58
	(d) Capital work in progress	108.75	158.90	43.38	133.37	-
	(e) Intangible assets	655.30	505.43	646.02	439.77	-
	(f) Intangible assets under development	172.24	164.46	158.32	217.20	-
	(g) Right-of-use Assets	1,789.40	1,551.63	1,642.85	1,559.18	221.92
	(h) Other Non-Financial assets	8,538.65	6,047.63	7,538.25	5,383.12	2,111.83
	Total non-financial assets	**13,737.61**	**9,910.16**	**12,269.36**	**9,031.31**	**3,642.35**
	Total Assets (1+2)	**244,591.43**	**176,035.04**	**202,396.34**	**156,860.02**	**107,649.85**
	LIABILITIES AND EQUITY					
	Liabilities					
3	**Financial liabilities**					
	(a) Derivative financial instruments	196.53	-	1,095.35	28.54	-
	(b) Payables					
	(I) Trade payables					
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	0.02	1.59	10.70
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	861.64	679.28	6,614.94	5,180.59	1,177.99
	(II) Other payables					
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	51.77	31.31	35.60	113.41	2.05

Particulars		As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
	ASSETS					
	(c) Debt Securities	64,968.22	11,985.55	40,793.16	29,489.26	75,097.82
	(d) Borrowings (Other than Debt Securities)	96,841.68	99,326.20	83,744.11	74,658.55	2,197.37
	(e) Subordinated Liabilities	12,463.54	9,982.60	11,967.99	9,980.37	5,388.97
	(f) Other financial liabilities	10,494.31	8,490.49	9,576.90	6,448.54	2,883.16
	Total financial liabilities	**185,877.69**	**130,495.43**	**153,828.07**	**125,900.85**	**86,758.06**
4	**Non- financial liabilities**					
	(a) Current Tax liabilities (Net)	-	323.03	762.27	104.02	17.34
	(b) Provisions	10,662.94	9,778.18	6,284.17	3,924.14	4,952.19
	(c) Other Non-financial liabilities	4,951.72	3,463.62	5,704.60	3,400.37	1,434.09
	Total Non-financial liabilities	**15,614.66**	**13,564.83**	**12,751.04**	**7,428.53**	**6,403.62**
	Total liabilities (3+4)	**201,492.35**	**144,060.26**	**166,579.11**	**133,329.38**	**93,161.68**
5	**Equity**					
	(a) Equity Share capital	9,323.34	8,372.22	8,372.22	7,850.00	7,850.00
	(b) Other equity	33,775.74	23,602.56	27,445.01	15,680.64	6,638.17
	Total equity	**43,099.08**	**31,974.78**	**35,817.23**	**23,530.64**	**14,488.17**
	Total liabilities and equity (3+4+5)	**244,591.43**	**176,035.04**	**202,396.34**	**156,860.02**	**107,649.85**

Restated Statement of Profit and Loss

(Figure in Rupees Million, unless otherwise stated)

	Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
1	**Revenue from Operations**					
(i)	Interest Income	22,115.64	16,992.17	35,757.12	27,599.80	18,881.60
(iI)	Income from fees and services	19,378.36	13,593.90	30,720.37	21,772.67	13,115.85
(iii)	Service Charges	527.40	329.76	1,258.59	796.13	533.39
(iv)	Business development incentive income	1,566.07	707.86	2,166.73	1,628.40	883.29
(v)	Insurance commission income	52.92	41.54	87.26	72.75	47.90
(vi)	Net gain on fair value changes	(1.04)	491.45	1.04	-	-
	Total Revenue from operations	**43,639.35**	**32,156.68**	**69,991.11**	**51,869.75**	**33,462.03**
2	Other Income	3,132.73	1,266.06	2,877.23	1,832.17	1,248.35
3	**Total Income (1+2)**	**46,772.08**	**33,422.74**	**72,868.34**	**53,701.92**	**34,710.38**
4	**EXPENSES**					
(i)	Finance costs	6,213.22	4,659.86	10,172.10	7,115.11	5,284.32
(ii)	Employee benefits expenses	2,103.13	1,921.87	3,904.03	1,930.88	953.07
(iii)	Depreciation, amortisation and impairment	478.75	367.56	811.01	244.93	47.93
(iv)	Operating and other expenses	20,358.01	15,435.37	33,045.94	27,119.22	17,318.75
(v)	CSR expenses	15.15	24.45	141.85	97.75	70.39
(vi)	Impairment losses & bad debts	7,257.97	5,214.87	11,477.42	8,000.58	5,319.69
	Total expenses	**36,426.23**	**27,623.98**	**59,552.35**	**44,508.47**	**28,994.15**
5	**Profit before tax (3-4)**	**10,345.85**	**5,798.76**	**13,315.99**	**9,193.45**	**5,716.23**
6	**Tax expense:**					
	Current tax charge / (credit)	2,673.25	2,218.83	5,403.12	2,854.91	2,500.63
	Current tax charge / (credit) - prior years	38.05	-	71.49	(192.06)	(41.09)
	Deferred tax charge / (credit)	375.73	(186.17)	(785.81)	519.17	(471.90)
	Total Tax Expenses	**3,087.03**	**2,032.66**	**4,688.80**	**3,182.02**	**1,987.64**
7	**Profit after tax for the year (5-6)**	**7,258.82**	**3,766.10**	**8,627.19**	**6,011.43**	**3,728.59**
8	**Other Comprehensive Income**					
	(a) Remeasurements of the defined benefit liabilities / (asset)	(43.04)	(33.75)	(50.22)	(27.56)	(22.05)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	10.83	11.79	17.55	9.54	7.63
	Subtotal (A)	**(32.21)**	**(21.96)**	**(32.67)**	**(18.02)**	**(14.42)**
	B (i) Items that will be reclassified to profit or loss					
	(a) Gain/(loss) on forward contracts in hedging relationship	57.78	-	2.18	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	(14.54)	-	(0.76)	-	-
	Subtotal (B)	**43.24**	**-**	**1.42**	**-**	**-**
	Other comprehensive income (A+B)	**11.03**	**(21.96)**	**(31.25)**	**(18.02)**	**(14.42)**
9	**Total Comprehensive Income for the year (7+8)**	**7,269.85**	**3,744.14**	**8,595.94**	**5,993.41**	**3,714.17**
10	**Earnings per equity share (for continuing operation):**					
	(1) Basic	7.79	4.20	9.43	7.40	4.75
	(2) Diluted	7.79	4.20	9.43	7.40	4.75

Restated Statement of Cash Flows

(Figure in Rupees Million, unless otherwise stated)

Particulars	For the half year ended September 30, 2019	For the half year ended Septembe r 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
A. CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax for the period	10,345.85	5,798.76	13,315.99	9,193.45	5,716.23
Adjustments for :					
Depreciation and amortisation expense	478.75	367.56	811.01	244.93	47.93
Liabilities written back	(1,617.83)	(4.75)	(10.93)	(17.70)	(21.74)
Impairment loss and provision for doubtful debts	7,257.97	5,214.87	11,464.83	8,000.58	5,319.69
Net impact of assets derocgnise persuant to adoption of Ind AS 116	-	(0.30)	(1.44)	6.70	(0.31)
Other Interest Income	(24.38)	(62.64)	(178.12)	(76.39)	(0.06)
Employee stock options	12.00	-	-	-	-
Finance Cost	6,213.22	4,659.86	10,172.10	7,115.11	5,284.32
Unrealised foreign exchange (Gain)/loss (net) on Borrowing	-	399.87	-	-	-
Loss/ (Profit) on sale of property, plant & equipment	2.26	0.29	(0.22)	0.57	(0.02)
Profit on sale on investments	(3.11)	(0.58)	(3.83)	(5.37)	(4.34)
Fair valuation of derivatives	1.04	(491.45)	(1.04)	28.54	-
Operating profit before working capital changes	**22,665.77**	**15,881.49**	**35,568.35**	**24,490.42**	**16,341.70**
Adjustment for changes in working capital					
Adjustments for (increase) / decrease in operating assets:					
Trade Receivables	(310.05)	(454.71)	(1,258.24)	806.18	269.48
Other Receivables	2,051.28	(66.75)	(173.71)	(187.62)	(468.33)
Other financial assets	11.18	603.34	797.14	(364.14)	(10.99)
Other non financial assets	(1,000.41)	(664.50)	(2,117.65)	(2,791.20)	(794.66)
Loans	(50,965.53)	(21,418.77)	(50,109.30)	(48,627.47)	(33,292.79)
Adjustments for increase / (decrease) in operating liabilities:					
Other financial liabilities	451.34	1,786.95	2,419.13	2,978.24	895.42
Other non financial liabilities	(752.89)	60.03	2,303.98	1,719.82	498.13
Provisions	5,345.08	5,820.23	1,300.50	(351.50)	2,291.74
Trade payables	(5,737.16)	(4,585.00)	1,354.96	3,056.09	330.00
Cash from/ (used) in operations	**(28,241.39)**	**(3,037.69)**	**(9,914.84)**	**(19,271.18)**	**(13,940.30)**
Finance Cost Paid	(5,336.07)	(4,856.62)	(8,946.21)	(6,917.18)	(5,022.97)
Cash from/ (used) in operations before taxes	**(33,577.46)**	**(7,894.31)**	**(18,861.05)**	**(26,188.35)**	**(18,963.27)**
Direct taxes paid (net of refunds)	(4,119.44)	(2,000.06)	(4,788.38)	(2,582.54)	(3,385.53)
Net cash generated/ (used) in operating activities	**(37,696.90)**	**(9,894.37)**	**(23,649.43)**	**(28,770.89)**	**(22,348.80)**
B. CASH FLOW FROM INVESTING ACTIVITIES					
Capital expenditure on property, plant and equipment	(311.82)	(270.25)	(928.25)	(355.26)	(15.50)
'Proceeds from sale of property, plant and equipment	(0.00)	0.38	1.03	2.66	2.66
Investment purchased	(6,650.00)	(1,714.62)	(7,664.62)	(14,300.00)	(12,700.01)

Particulars	For the half year ended September 30, 2019	For the half year ended Septembe r 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Investment sold	6,653.11	1,700.58	7,653.83	14,305.37	12,704.34
Interest Income	28.98	68.03	214.11	32.38	0.06
NET CASH USED IN INVESTING ACTIVITIES (B)	**(279.73)**	**(215.88)**	**(723.90)**	**(314.85)**	**(8.45)**
C. CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issue of Share Capital	-	522.22	522.22	-	-
Proceeds from securities premium	-	4,177.78	4,177.78	-	-
Proceeds from Debt Securities	123,589.37	113,593.2 5	199,283.50	221,008.57	234,766.47
Repayment of Debt Securities	(99,893.12)	(130,353. 97)	(187,351.38)	(266,228.38)	(187,257.75)
Borrowings (Other than Debt Securities)	12,236.43	24,037.89	9,128.34	71,055.27	(26,077.39)
Proceeds from Subordinated Liabilities	1,000.00	-	2,500.00	5,000.00	2,000.00
Repayment of Subordinated Liabilities	(500.00)	-	(500.00)	(400.00)	-
Interim Dividend Paid	(1,009.36)	-	-	(944.81)	(944.81)
Lease payment made	(287.19)	(169.69)	(346.13)	(141.65)	(44.22)
NET CASH (USED) / GENERATED IN FINANCING ACTIVITIES (C)	**35,136.14**	**11,807.48**	**27,414.33**	**29,349.00**	**22,442.30**
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(2,840.49)**	**1,697.23**	**3,041.00**	**263.25**	**85.05**
Cash and bank balances as at the beginning of the year	**7,767.75**	**4,726.76**	**4,726.76**	**2,829.47**	**2,744.41**
Cash and bank balances on account of Amalgamation	**-**	**-**	**-**	**1,634.05**	**-**
Cash and bank balances as at the end of the year	**4,927.26**	**6,423.99**	**7,767.75**	**4,726.76**	**2,829.47**
	(2,840.49)	**1,697.23**	**3,041.00**	**263.25**	**85.05**

GENERAL INFORMATION

Our Company was incorporated as “SBI Cards and Payment Services Private Limited” on May 15, 1998, as a private limited company under the Companies Act 1956, at New Delhi, with a certificate of incorporation granted by the RoC. On the conversion of our Company to a public limited company, pursuant to a special resolution passed by our shareholders on August 2, 2019 our name was changed to “SBI Cards and Payment Services Limited” and a fresh certificate of incorporation dated August 20, 2019, was issued by the RoC. For details of change in name and Registered Office of our Company, see “***History and Certain Corporate Matters – Brief history of our Company***” on page 163.

Company Registration Number: 093849

Corporate Identity Number: U65999DL1998PLC093849

Registered Office
Unit 401 & 402
4th Floor
Aggarwal Millennium Tower E-1,2,3
Netaji Subhash Place, Wazirpur
New Delhi 110 034, India
Telephone: +91 (11) 6126 8100

Corporate Office
2nd Floor
Tower-B, Infinity Towers
DLF Cyber City, Block 2 Building 3
DLF Phase 2
Gurugram
Haryana 122 002, India
Telephone: +91 (124) 458 9803
Website: www.sbicard.com

Address of the Registrar of Companies

Our Company is registered with the RoC, located at the following address:

Registrar of Companies, National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower
61, Nehru Place
New Delhi 110 019, India
Telephone: +91 (11) 2623 5703

Board of Directors

The following table sets out details regarding our Board as on the date of this Draft Red Herring Prospectus:

Name and Designation	DIN	Address
Mr. Rajnish Kumar *Designation:* Non-executive Chairman (Nominee of SBI)	05328267	Dunedin, Number 5, J. Mehta Road, Mumbai 400 006
Mr. Dinesh Kumar Khara *Designation:* Non-executive Director (Nominee of SBI)	06737041	M-2, Kinellan Tower, 100-A, Nepean Sea Road, Mumbai 400 006
Mr. Hardayal Prasad *Designation:* Managing Director and Chief Executive Officer (Nominee of SBI)	08024303	Unitech World Spa (West), Apartment no. 202, 2nd floor, Block no. B3, Sector 30 and 41, Gurugram, Haryana – 122 001
Mr. Shree Prakash Singh *Designation:* Non-executive Director (Nominee of SBI)	08026039	C-8, Kinellan Tower, 100-A, Nepean Sea Road, Mumbai – 400 006

Name and Designation	DIN	Address
Mr. Sunil Kaul *Designation:* Non-executive Director (Nominee of CA Rover)	05102910	2A Lincoln Road, 29-09 Park Infinia, Singapore – 308 364
Dr. Tejendra Mohan Bhasin *Designation:* Independent Director	03091429	331, Bhera Enclave, Pashchim Vihar, Sunder Vihar, Delhi – 110 087
Mr. Nilesh Shivji Vikamsey *Designation:* Independent Director	00031213	Kalapataru Habitat, 184/A Wing, Dr. S.S. Rao Road, Parel, Mumbai - 400012
Mr. Rajendra Kumar Saraf *Designation:* Independent Director	02730755	Flat no. B/1302, Gundecha Altura, Opposite St. Xaviers School, L.B.S. Marg, Kanjur Marg (West), Mumbai – 400 078
Mr. Dinesh Kumar Mehrotra *Designation:* Independent Director	00142711	3A, Harmony, Dr. E. Moses Road, Behind Petrol Pump, Worli Naka, Worli, Mumbai – 400 018
Ms. Anuradha Shripad Nadkarni *Designation:* Independent Director	05338647	2401, A-Tower, Beau Monde, A. Marathe Marg, Prabhadevi, Mumbai – 400 025

For further details in respect of our Directors, see "***Our Management***" on page 170.

Company Secretary and Compliance Officer

Payal Mittal Chhabra is our Company Secretary and Compliance Officer. Her contact details are as follows:

Ms. Payal Mittal Chhabra
2nd Floor
Tower-B, Infinity Towers
DLF Cyber City, Block 2 Building 3
DLF Phase 2
Gurugram
Haryana 122 002, India
Telephone: +91 (124) 458 9803
E-mail: investor.relations@sbicard.com

Bidders can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs. All complaints, queries or comments received by SEBI shall be forwarded to the BRLMs, who shall respond to such complaints.

All grievances, other than of Anchor Investors may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for Retail Individual Investors who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form and the name and address of the relevant Designated Intermediary where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or First Bidder, Bid cum number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

BRLMs

Kotak Mahindra Capital Company Limited 1st Floor, 27 BKC, Plot No. C – 27 "G" Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India **Telephone**: +91 (22) 4336 0000 **E-mail**: sbicard.ipo@kotak.com **Investor Grievance E-mail**: kmccredressal@kotak.com **Website**: www.investmentbank.kotak.com **Contact Person**: Mr. Ganesh Rane **SEBI Registration No.**: INM000008704	**Axis Capital Limited** Axis House, Level 1 C-2 Wadia International Centre P. B. Marg, Worli Mumbai 400 025 Maharashtra, India **Telephone**: +91 (22) 4325 2183 **E-mail**: sbicards.ipo@axiscap.in **Investor Grievance E-mail**: complaints@axiscap.in **Website**: www.axiscapital.co.in **Contact Person**: Ms. Simran Gadh **SEBI Registration No**.: INM000012029
DSP Merrill Lynch Limited Ground Floor, "A" Wing One BKC, "G" Block Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India **Telephone**: +91 (22) 6632 8000 **E-mail**: dg.sbicard_ipo@bofa.com **Investor Grievance E-mail**: dg.india_merchantbanking@bofa.com **Website**: www.ml-india.com **Contact Person**: Mr. Ahmed Kolsawala **SEBI Registration No.**: INM000011625	**Nomura Financial Advisory and Securities (India) Private Limited** Ceejay House, Level 11, Plot F Shivsagar Estate Dr. Annie Besant Road, Worli Mumbai 400 018 Maharashtra, India **Telephone**: +91 (22) 4037 4037 **Email**: sbicardipo@nomura.com **Investor grievance e-mail**: investorgrievances-in@nomura.com **Website**:www.nomuraholdings.com/company/group/asia/india/index.html **Contact person**: Mr. Vishal Kanjani/Mr. Sandeep Baid **SEBI Registration No**.: INM000011419
HSBC Securities and Capital Markets (India) Private Limited 52/60, Mahatma Gandhi Road, Fort Mumbai 400 001 Maharashtra, India **Telephone**: +91 (22) 2268 5555 **E-mail**: sbicardipo@hsbc.co.in **Investor Grievance E-mail**: investorgrievance@hsbc.co.in **Website**:https://www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback **Contact Person**: Ms. Sanjana Maniar **SEBI Registration No.**: INM000010353	**SBI Capital Markets Limited*** 202, Market Tower 'E' Cuffe Parade, Mumbai 400 005 Maharashtra, India **Telephone**: +91 (22) 2217 8300 **E-mail**: sbicard.ipo@sbicaps.com **Investor Grievance E-mail**: investor.relations@sbicaps.com **Website**: www.sbicaps.com **Contact Person**: Mr. Sambit Rath/ Mr. Karan Savardekar **SEBI Registration No.**: INM000003531

* *SBI is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. SBI and SBICAP are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A of the SEBI Merchant Bankers Regulations and Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.*

Statement of *inter se* allocation of responsibilities among the Book Running Lead Managers

The responsibilities and co-ordination by the BRLMs for various activities in this Offer are as follows:

S. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, positioning strategy and due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing	Kotak, Axis, BofA Securities, HSBC, Nomura	Kotak
2.	Drafting and approval of statutory advertisements	Kotak, Axis, BofA Securities, HSBC, Nomura	Kotak

S. No.	Activity	Responsibility	Coordinator
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report.	Kotak, Axis, BofA Securities, HSBC, Nomura	HSBC
4.	Appointment of intermediaries viz., Registrar's, Printers, Advertising Agency, Syndicate, Monitoring Agency, Sponsor Bank, Bankers to the Issue and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	Kotak, Axis, BofA Securities, HSBC, Nomura	Axis
5.	Preparation of road show marketing presentation and frequently asked questions	Kotak, Axis, BofA Securities, HSBC, Nomura, SBICAP	BofA Securities
6.	International Institutional marketing of the Offer, which will cover, inter alia: • Institutional marketing strategy; • Finalizing the list and division of international investors for one-to-one meetings; and • Finalizing international road show and investor meeting schedule	Kotak, Axis, BofA Securities, HSBC, Nomura, SBICAP	BofA Securities, HSBC, Nomura
7.	Managing the book and finalization of pricing in consultation with the Company and the Selling Shareholders. Presentation to Company (SBIC) IPO Committee by all Merchant Bankers.	Kotak, Axis, BofA Securities, HSBC, Nomura	Nomura
8.	Domestic Institutional marketing of the Offer, which will cover, inter alia: • Institutional marketing strategy; • Finalizing the list and division of domestic investors for one-to-one meetings; and • Finalizing domestic road show and investor meeting schedule	Kotak, Axis, BofA Securities, HSBC, Nomura, SBICAP	SBICAP
9.	Retail marketing of the Offer, which will cover, inter alia: • Formulating marketing strategies, preparation of publicity budget; • Finalizing media, marketing and public relations strategy; • Finalizing centres for holding conferences for brokers, etc.; • Finalizing collection centres • Arranging for selection of underwriters and underwriting agreement; and • Follow-up on distribution of publicity and offer material including form, Prospectus and deciding on the quantum of the offer material	Kotak, Axis, BofA Securities, HSBC, Nomura, SBICAP	Axis
10.	Non-Institutional marketing of the Offer, which will cover, inter alia: • Finalizing media, marketing and public relations strategy; • Finalizing centres for holding conferences for brokers, etc.;	Kotak, Axis, BofA Securities, HSBC, Nomura, SBICAP	Kotak
11.	Coordination with Stock-Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit and release of the security deposit post closure of the issue, anchor coordination and intimation of anchor allocation.	Kotak, Axis, BofA Securities, HSBC, Nomura	Axis
12.	Post- Issue activities, which shall involve essential follow-up with bankers to the Issue and SCSBs to get quick estimates of collection and advising our Company about the closure of the Issue, based on correct figures, finalization of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Issue activity such as Registrar to the Issue, Bankers to the Issue, SCSBs including responsibility for underwriting arrangements, as applicable.	Kotak, Axis, BofA Securities, HSBC, Nomura	Nomura

**SBI is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. SBI and SBICAP are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A of the SEBI Merchant Bankers Regulations and Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.*

Syndicate Members

[●]

Legal Counsel to the Company and the Promoter Selling Shareholder as to Indian Law

Shardul Amarchand Mangaldas & Co
Amarchand Towers
216, Okhla Industrial Estate Phase III
New Delhi 110 020
India
Telephone: +91 (11) 4159 0700

International Legal Counsel to the Company

Latham & Watkins LLP
9 Raffles Place
#42-02 Republic Plaza
Singapore 048619
Singapore
Telephone: +65 6536 1161

Legal Counsel to the BRLMs as to Indian Law

Cyril Amarchand Mangaldas
4th Floor, Prius Platinum
D-3, District Centre
Saket
New Delhi – 110 017
India
Telephone: +91 (11) 6622 9009

International Legal Counsel to BofA Securities, HSBC and Nomura

Allen & Overy (Asia) Pte Ltd
50 Collyer Quay
#09-01 OUE Bayfront
Singapore 049321
Singapore
Telephone: +65 6671 6000

Legal Counsel to the Investor Selling Shareholder as to Indian Law

AZB & Partners
Plot No. A8, Sector 4
Noida 201 301
India
Telephone: +91 (120) 417 9999

International Legal Counsel to the Investor Selling Shareholder

Herbert Smith Freehills LLP
24-01 Singapore Land Tower
50 Raffles Place
Singapore 048 623
Singapore
Telephone: +65 6868 8000

Registrar to the Offer

Link Intime India Private Limited
C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg, Vikhroli (West)
Mumbai – 400 083
Maharashtra, India
Telephone: +91 22 4918 6200
Email: sbicard.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Goplakrishnan

Banker(s) to the Offer

Escrow Collection Bank(s)

[●]

Public Offer Account Bank

[●]

Refund Bank

[●]

Sponsor Bank

[●]

Self Certified Syndicate Banks

The list of SCSBs is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes on the website of SEBI, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which a Bidder (other than an Anchor Investor), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes on the SEBI website, and at such other websites as may be prescribed by SEBI from time to time.

SCSBs enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Investors Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and updated from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Bidders (other than Anchor Investors) can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com and at the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. The list comprising the details of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time.

Statutory Auditors of our Company

S. Ramanand Aiyar & Co.
708, Surya Kiran
19, Kasturba Gandhi Marg
New Delhi 110 001
India
Telephone: +91 (11) 2335 2721
Email: bala@sraco.in
Peer Review Number: 010677
Firm Registration Number: 000990N

Changes in auditors

Except as disclosed below, there has been no change in the statutory auditors of the Company during the last three years:

Name of the Auditors	Date of change	Reason for change
Gandhi Minocha & Co. B-6, Shakti Nagar Extension Near Laxmi Bai College New Delhi 110 052 E-mail: gandhica@yahoo.com Firm Registration No.: 000458N Peer Review Number: 099579	July 11, 2017	Ceased to be the statutory auditors due to completion of term
S. Ramanand Aiyar & Co. 708, Surya Kiran 19, Kasturba Gandhi Marg New Delhi 110 001 India Email: bala@sraco.in Firm Registration Number: 000990N Peer Review Number: 010677	July 11, 2017	Appointment as Statutory Auditors due to completition of term of the previous auditor

Bankers to our Company

State Bank Of India
Commercial Branch
6th Floor, Near Maharana Pratap Chawk
Gurgaon 122 001
Telephone: +91 (124) 4200 592
Website: https://sbi.co.in
Contact Persons: Mr. Rajesh Kumar
E-mail: rm1.cbgurgaon@sbi.co.in

Bank of Baroda
Corporate Financial Services Branch
Vijaya Towers, 3rd Floor
41/2, M.G. Road
Trinity Circle
Bangalore 560 001
Telephone: +91 (080) 2558 4066
Website: www.bankofbaroda.in
Contact Persons: Mr. Arindam Basu
E-mail: corban@bankofbaroda.com

Central Bank of India
Corporate Finance Branch
Jeevan Tara Building
Parliament Street
New Delhi 110 001
Telephone: +91 99990 28367

Website: www.centralbankoindia.co.in
Contact Persons: Mr. C.Murali
E-mail: dgmcfb3464@centralbank.co.in

Punjab National Bank
Plot No. 83, U&I Building
City Centre, Sector 29
Gurgaon 122 002
Telephone: +91 (124) 490 8532
Website: www.pnbindia.in
Contact Persons: Mr. Dhara Singh
E-mail: bo4615@pnb.co.in

Grading of the Offer

No credit rating agency registered with SEBI has been appointed for grading of the Offer.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

Monitoring Agency

Our Company will appoint a monitoring agency to monitor utilization of the Net Proceeds, in accordance with Regulation 41 of the SEBI ICDR Regulations, prior to the filing of the Red Herring Prospectus with the RoC.

Expert

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated November 22, 2019 from the independent Statutory Auditors namely, S. Ramanand Aiyar & Co. to include its name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Red Herring Prospectus as an "expert" as defined under Section 2(38) of the Companies Act 2013 to the extent and in their capacity as an independent Statutory Auditor and in respect of their (i) examination report dated November 11, 2019 on our restated financial information; and (ii) their report dated November 22, 2019 on the Statement of Special Tax Benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under Securities Act.

Credit Rating

As the Offer is of Equity Shares, credit rating is not required.

Trustees

As the Offer is of Equity Shares, the appointment of trustees is not required.

Filing of this Draft Red Herring Prospectus

This Draft Red Herring Prospectus has been filed with SEBI at:

Securities and Exchange Board of India
Corporation Finance Department
Division of Issues and Listing
SEBI Bhavan, Plot No. C4 A, 'G' Block
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Maharashtra, India

The Red Herring Prospectus and Prospectus will be filed, along with the material contracts and documents referred to in the Red Herring Prospectus at:

The Registrar of Companies

National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower
61, Nehru Place
New Delhi 110 019, India

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms within the Price Band. The Price Band will be decided by our Company and Selling Shareholders, in consultation with the BRLMs, and advertised in [●] editions of the [●] and [●] editions of the [●] (which are widely circulated English national daily and widely circulated Hindi national daily newspapers respectively, Hindi also being the regional language of New Delhi, where our Registered Office is located), at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purposes of uploading on their respective websites. Pursuant to the Book Building Process, the Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the BRLMs after the Bid/Offer Closing Date.

All Bidders (other than Anchor Investors) can participate in this Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In terms of the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors, Eligible Employees Bidding in the Employee Reservation Portion (subject to the Bid Amount being up to ₹ 500,000) and SBI Shareholders Bidding in SBI Shareholders Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until the Bid/ Offer Closing Date. Anchor Investors are not allowed to revise or withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to Retail Individual Investors and the Anchor Investors, allocation in the Offer will be on a proportionate basis. For further details on method and process of Bidding, see "***Offer Structure***" and "***Offer Procedure***" on pages 399 and 404, respectively.

The Book Building Process is subject to change. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Bidders should note the Offer is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is filed with the RoC.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten by each Underwriter shall be as per the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.

Name, address, telephone and e-mail of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in million)
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned amounts are provided for indicative purposes only and will be finalised after the pricing and actual allocation and subject to the provisions of Regulation 40(2) of the SEBI ICDR Regulations.

In the opinion of our Board of Directors (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC.

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Draft Red Herring Prospectus, is set forth below.

	Particulars	Aggregate nominal value *(in ₹)*	Aggregate value at Offer Price *(in ₹)*
A)	**AUTHORIZED SHARE CAPITAL***		
	1,500,000,000 Equity Shares of face value of ₹ 10 each	15,000,000,000	-
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AS OF THE DATE OF THIS DRAFT RED HERRING PROSPECTUS**		
	932,334,278 Equity Shares of face value of ₹ 10 each	9,323,342,780	[●]
C)	**OFFER**		
	Offer of [●] Equity Shares	[●]	[●]
	Of which:		
	Fresh Issue of [●] Equity Shares aggregating to ₹ 5,000 million#	[●]	[●]
	Offer for Sale of up to 130,526,798 Equity Shares aggregating ₹ [●] million##	[●]	[●]
	Which includes:		
	Employee Reservation Portion of up to 1,864,669 Equity Shares^	[●]	[●]
	SBI Shareholders Reservation Portion of up to 13,052,680 Equity Shares		
	Net Offer of up to [●] Equity Shares	[●]	[●]
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	[●] Equity Shares	[●]	[●]
E)	**SECURITIES PREMIUM ACCOUNT**		
	Prior to the Offer		4,177,777,760
	After the Offer		[●]

* *For details in relation to changes in the authorized share capital of our Company, see "**History and Certain Corporate Matters – Amendments to our Memorandum of Association**" on page 165.*

\# *The Offer has been authorized by our Board pursuant to its resolution dated August 14, 2019 and by a special resolution of our Shareholders adopted at the meeting held on September 27, 2019.*

\## *SBI has provided its in-principle approval for its participation in the Offer pursuant to a resolution passed by the Executive Committee of the Central Board of SBI on August 14, 2019. Subsequently, SBI has provided its final approval for its participation in the Offer of up to 37,293,371 Equity Shares of our Company pursuant to a resolution passed by the Executive Committee of the Central Board of SBI on November 14, 2019. CA Rover has, pursuant to a board resolution dated November 5, 2019 and consent letter dated November 24, 2019, authorised its participation in the Offer for up to 93,233,427 Equity Shares of our Company. For details see "**The Offer**" and "**Other Regulatory and Statutory Disclosures**" on pages 57 and 377, respectively.*

^ *Our Company and the Selling Shareholders in consultation with the BRLMs, may offer an Employee Discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share), which shall be announced at least two Working Days prior to the Bid/Offer Opening Date.*

Notes to Capital Structure

1. Share Capital History of our Company

History of Equity Share capital of our Company

The following table sets forth the history of the Equity Share capital of our Company. The face value of the Equity Shares in all the allotments provided in the table below is ₹ 10 per Equity Share.

Date of allotment	Names of allottees	Reason / nature of allotment	No. of Equity Shares allotted	Issue price per Equity Share (₹)	Nature of consideration
May 15, 1998	1 Equity Share each to State Bank of India and Om Prakash Setia	Initial subscription to the Memorandum of Association	2	10	Cash
September 14, 1998	State Bank of India	Further Issue	6,000,000	10	Cash
November 18, 1998	GE Capital (Mauritius) Investment Company Ltd.	Further Issue	4,000,000	10	Cash
March 26, 1999	4,800,000 Equity Shares to State Bank of India and 3,200,000 Equity Shares	Further Issue	8,000,000	10	Cash

Date of allotment	Names of allottees	Reason / nature of allotment	No. of Equity Shares allotted	Issue price per Equity Share (₹)	Nature of consideration
	to GE Capital (Mauritius) Investment Company Ltd.				
June 29, 1999	7,200,000 Equity Shares to State Bank of India and 4,800,000 Equity Shares to GE Capital (Mauritius) Investment Company Ltd.	Further Issue	12,000,000	10	Cash
August 27, 1999	12,000,000 Equity Shares to State Bank of India and 8,000,000 Equity Shares to GE Capital (Mauritius) Investment Company Ltd.	Further Issue	20,000,000	10	Cash
November 5, 1999	30,000,000 Equity Shares to State Bank of India and 20,000,000 Equity Shares to GE Capital (Mauritius) Investment Company Limited	Further Issue	50,000,000	10	Cash
March 30, 2007	90,000,000 Equity Shares to State Bank of India and 60,000,000 Equity Shares to GE Consumer (Mauritius) Investment I Ltd.	Further Issue	150,000,000	10	Cash
December 29, 2007	120,000,000 Equity Shares to State Bank of India and 80,000,000 Equity Shares to GE Consumer (Mauritius) Investment I Ltd.	Further Issue	200,000,000	10	Cash
December 24, 2008	36,000,000 Equity Shares to State Bank of India and 24,000,000 Equity Shares to GE Consumer (Mauritius) Investment I Ltd.	Further Issue	60,000,000	10	Cash
March 23, 2009	30,000,000 Equity Shares to State Bank of India and 20,000,000 Equity Shares to GE Capital Mauritius Overseas Investments	Further Issue	50,000,000	10	Cash
August 31, 2009	30,000,000 Equity Shares to State Bank of India and 20,000,000 Equity Shares to GE Capital Mauritius Overseas Investments	Further Issue	50,000,000	10	Cash
November 20, 2009	30,000,000 Equity Shares to State Bank of India and 20,000,000 Equity Shares to GE Capital Mauritius Overseas Investments	Further Issue	50,000,000	10	Cash
March 15, 2010	18,000,000 Equity Shares to State Bank of India and 12,000,000 Equity Shares to GE Capital Mauritius Overseas Investments	Further Issue	30,000,000	10	Cash
June 30, 2010	18,000,000 Equity Shares to State Bank of India and 12,000,000 Equity Shares to GE Capital Mauritius Overseas Investments	Further Issue	30,000,000	10	Cash

Date of allotment	Names of allottees	Reason / nature of allotment	No. of Equity Shares allotted	Issue price per Equity Share (₹)	Nature of consideration
March 30, 2011	39,000,000 Equity Shares to State Bank of India and 26,000,000 Equity Shares to GE Capital Mauritius Overseas Investments	Further Issue	65,000,000	10	Cash
July 31, 2018	38,644,444 Equity Shares to State Bank of India and 13,577,778 Equity Shares to CA Rover Holdings	Rights Issue	52,222,222	90	Cash
July 22, 2019	70,382,918 Equity Shares to State Bank of India and 24,729,136 Equity Shares to CA Rover Holdings	Amalgamation of SBI Business Process Management Services Private Limited with our Company pursuant to the Scheme of Amalgamation. For details, see "***History and Certain Corporate Matter- Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years***" on page 168.	95,112,054	NA	Other than cash

2. **Issue of Equity Shares for consideration other than cash or out of revaluation reserve**

(a) Our Company has not issued any Equity Shares out of revaluation of reserves since its incorporation.

(b) Our Company has not issued any Equity Shares for consideration other than cash since its incorporation, except as set forth below.

Date of allotment	Names of allottees	Reason/nature of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration
July 22, 2019	70,382,918 Equity Shares to State Bank of India and 24,729,136 Equity Shares to CA Rover Holdings	Amalgamation of SBI Business Process Management Services Private Limited with our Company pursuant to the Scheme of Amalgamation. For details, see "***History and Certain***	95,112,054	10	NA	Other than cash

Date of allotment	Names of allottees	Reason/nature of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration
		Corporate Matter- - Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years" on page 168.				

3. Issue of Equity Shares pursuant to a scheme of arrangement

Other than the allotment of 70,382,918 Equity Shares to SBI and 24,729,136 Equity Shares to CA Rover pursuant to the Scheme of Amalgamation entered into between our Company and SBIBMSPL, our Company has not allotted any Equity Shares pursuant to any scheme of amalgamation under Sections 230 to 232 of the Companies Act, 2013 or Sections 391 to 394 of the Companies Act, 1956. For details of the Scheme of Amalgamation, see the section "***History and Certain Corporate Matters - Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years***", on page 168. For details of the allotment, see "– ***Notes to the Capital Structure – Share Capital History of our Company***", on 75 page .

4. Issue of Equity Shares under stock option scheme

As on the date of this Draft Red Herring Prospectus, our Company has not made any issuance of Equity Shares under any employee stock option scheme. For details see the section "– ***Employee Stock Option Scheme***", on page 84.

5. Issue of Equity Shares at a price lower than the Offer Price in the last year

Except as disclosed below, our Company has not issued any Equity Shares in the last one year immediately preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the Offer Price.

Date of allotment	Names of allottees	Reason/nature of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration
July 22, 2019	70,382,918 Equity Shares to State Bank of India and 24,729,136 Equity Shares to CA Rover Holdings	Amalgamation of SBI Business Process Management Services Private Limited with our Company pursuant to the Scheme of Amalgamation. For details, see "***History and Certain Corporate Matter- Details regarding material***	95,112,054	10	NA	Other than cash

Date of allotment	Names of allottees	Reason/nature of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration
		***acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years*" on page 168.				

6. Details of Shareholding of our Promoter and members of the Promoter Group in the Company

(a) As on the date of this Draft Red Herring Prospectus, our Promoter (directly and through its nominees) holds 689,927,363 Equity Shares, equivalent to 74.00 % of the issued, subscribed and paid-up Equity Share capital of our Company, as set forth in the table below.

S. No.	Name of the Shareholder	Pre-Offer		Post-Offer*	
		No. of Equity Shares	% of total Share-holding	No. of Equity Shares	% of total Share-holding
1.	State Bank of India#	689,927,363	74.00	[●]	[●]
	Total	**689,927,363**	**74.00**	[●]	[●]

** Subject to finalisation of Basis of Allotment.*

 # This includes one Equity Share each held by Mr. Shree Prakash Singh, Mr. K. Pradeep, Ms. Usha Gautam, Mr. P.M. Mohan Patro and Mr. Sanjay Kumar Tiwari. SBI is the beneficial owner of such Equity Share.

(b) *Build-up of Promoter's shareholding in our Company*

As on the date of this Draft Red Herring Prospectus, our Promoter (directly and through its nominees) holds 689,927,363 Equity Shares, which constitutes 74% of the issued, subscribed and paid-up Equity Share capital of our Company.

Set forth below is the build-up of the equity shareholding of our Promoter, since incorporation of our Company.

Date of allotment / transfer	No. of Equity Shares	Face value (₹)	Issue/ purchase/ sale price per Equity Share (₹)	Nature of Consideration	Nature of acquisition/ transfer	Percentage of pre-Offer Equity Share capital (%)	Percentage of post-Offer Equity Share capital (%)^
May 15, 1998	1	10	10.00	Cash	Initial subscription to the Memorandum of Association	0.00	[●]
September 14, 1998	6,000,000	10	10.00	Cash	Further Issue	0.64	[●]
March 26, 1999	4,800,000	10	10.00	Cash	Further Issue	0.51	[●]
June 29, 1999	7,200,000	10	10.00	Cash	Further Issue	0.77	[●]
August 27, 1999	12,000,000	10	10.00	Cash	Further Issue	1.29	[●]
November 5, 1999	30,000,000	10	10.00	Cash	Further Issue	3.22	[●]

Date of allotment / transfer	No. of Equity Shares	Face value (₹)	Issue/ purchase/ sale price per Equity Share (₹)	Nature of Consideration	Nature of acquisition/ transfer	Percentage of pre-Offer Equity Share capital (%)	Percentage of post-Offer Equity Share capital (%)^
March 30, 2007	90,000,000	10	10.00	Cash	Further Issue	9.65	[●]
December 29, 2007	120,000,000	10	10.00	Cash	Further Issue	12.87	[●]
December 24, 2008	36,000,000	10	10.00	Cash	Further Issue	3.86	[●]
January 20, 2009	1*	10	10.00	Cash	Transfer	0.00	[●]
March 23, 2009	30,000,000	10	10.00	Cash	Further Issue	3.22	[●]
August 31, 2009	30,000,000	10	10.00	Cash	Further Issue	3.22	[●]
November 20, 2009	30,000,000	10	10.00	Cash	Further Issue	3.22	[●]
March 15, 2010	18,000,000	10	10.00	Cash	Further Issue	1.93	[●]
June 30, 2010	18,000,000	10	10.00	Cash	Further Issue	1.93	[●]
March 30, 2011	39,000,000	10	10.00	Cash	Further Issue	4.18	[●]
December 15, 2017	109,899,999**	10	80.58	Cash	Transfer	11.79	[●]
July 31, 2018	38,644,444	10	90.00	Cash	Rights Issue	4.14	[●]
July 22, 2019	70,382,918	10	NA	Other than Cash	Allotment pursuant to amalgamation	7.55	[●]
Total	**689,927,363#**	-	-	-	-	**74.00**	[●]

** Share transfer by Mr. Om Prakash Setia*
*** Share transfer by GE Capital Mauritius Overseas Investments*
 # Promoter shareholding includes one Equity Share each held by Mr. Shree Prakash Singh, Mr. K. Pradeep, Ms. Usha Gautam, Mr. P.M. Mohan Patro and Mr. Sanjay Kumar Tiwari. SBI is the beneficial owner of such Equity Share.
^Subject to finalisation of Basis of Allotment.

All the Equity Shares held by our Promoter were fully paid-up on the respective dates of allotment or acquisition, as the case may be, of such Equity Shares. Further, none of the Equity Shares held by our Promoter are pledged.

(c) *Shareholding of our Promoter Group*

As on the date of this Draft Red Herring Prospectus, none of the members of the Promoter Group hold any Equity Shares, directly or indirectly.

(d) *Shareholding of directors of our Promoter*

Except for Mr. Shree Prakash Singh, who holds one Equity Share as a registered owner only and on behalf of the beneficial owner SBI, none of the directors of our Promoter holds Equity Shares in our Company as of the date of this Draft Red Herring Prospectus.

7. Details of lock-in

(a) Details of Equity Shares locked-in for three years

i) Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoter shall be locked in for a period of three years as minimum promoter's contribution from the date of Allotment ("**Promoter's**

Contribution"), and our Promoter's shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment.

ii) Details of the Equity Shares to be locked-in for three years from the date of Allotment as Promoter's Contribution are set forth in the table below.

Name of the Promoter	Date of allotment of the Equity Shares	Nature of transaction	No. of Equity Shares**	Face Value (₹)	Issue/ acquisition price per Equity Share (₹)	No. of Equity Shares locked-in*	Percentage of the post-Offer paid-up capital* (%)	Date up to which the Equity Shares are subject to lock-in
State Bank of India	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Total					[●]	[●]	

** Subject to finalisation of Basis of Allotment.*

***All the Equity Shares were fully paid-up on the respective dates of allotment or acquisition, as the case may be, of such Equity Shares.*

iii) Our Promoter has given consent to include such number of Equity Shares held by it as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as the Promoter's Contribution. Our Promoter has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoter's Contribution from the date of filing of this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

iv) Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoter's Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, we confirm the following:

a) The Equity Shares offered for Promoter's Contribution do not include (i) Equity Shares acquired in the three years immediately preceding the date of this Draft Red Herring Prospectus for consideration other than cash and revaluation of assets or capitalisation of intangible assets; or (ii) bonus shares out of revaluation reserves or unrealised profits of our Company or bonus shares issued against Equity Shares, which are otherwise ineligible for computation of Promoter's Contribution;

b) The Promoter's Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

c) Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm; and

d) The Equity Shares forming part of the Promoter's Contribution are not subject to any pledge.

(b) Details of Equity Shares locked-in for one year

In terms of Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital capital held by persons other than our Promoter will be locked-in for a period of one year from the date of Allotment, other than Equity Shares which are successfully transferred as part of the Offer for Sale and any other categories of shareholders exempted under Regulation 17 of the SEBI ICDR Regulations, including any Equity Shares which may be allotted to the employees under the SBIC ESOP Scheme pursuant to exercise of options held by such employees (whether currently employees or not), in accordance with the terms of SBIC ESOP Scheme.

(c) Lock-in of Equity Shares Allotted to Anchor Investors

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

(d) Other Requirements in respect of Lock-in

In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by our Promoter, which are locked-in may be transferred to and amongst the members of the Promoter Group or to any new promoter, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

The Equity Shares held by our Promoter which are locked-in for a period of one year from the date of Allotment may be pledged as a collateral security for a loan granted by a scheduled commercial bank or public financial institution or Systemically Important NBFC or housing finance company, in terms of Regulation 21 of the SEBI ICDR Regulations, provided that pledge of the Equity Shares is one of the terms of the sanction of loans. The lock-in shall continue pursuant to the invocation of pledge, however, the transferee shall not be eligible to transfer the Equity Shares until the expiry of the lock-in period.

In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoter and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

8. Our shareholding pattern

Set forth below is the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus.

Category (I)	Category of the Shareholder (II)	No. of Shareholders (III)	No. of fully paid-up Equity Shares held (IV)	No. of partly paid-up Equity Shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	No. of Voting Rights held in each class of securities (IX)				No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a % of diluted share capital (XI)=(VII)+ (X) as a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of total voting rights			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class eg: X	Class eg: Y	Total								
(A)	**Promoter & Promoter Group**	6	689,927,363	-	-	689,927,363	74.00	689,927,363	-	689,927,363	74.00	-	-	-	-	-	-	689,927,363
(B)	**Public**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	**Non Promoter-Non Public**	1	242,406,915	-	-	242,406,915	26.00	242,406,915	-	242,406,915	26.00	-	-	-	-	-	-	242,406,915
(1)	**Shares underlying Custodian/Depository Receipts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	**Shares held by Employee Trust**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	**7**	**932,334,278**	**-**	**-**	**932,334,278**	**100.00**	**932,334,278**	**-**	**932,334,278**	**100.00**	**-**	**-**	**-**	**-**	**-**	**-**	**932,334,278**

9. Except for 689,927,363 Equity Shares held by SBI (along with its nominees) (SBICAP and SBI are associates in terms of the SEBI Merchant Bankers Regulations), the BRLMs and their respective associates (as defined under the SEBI Merchant Bankers Regulations) do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus. The BRLMs and their respective affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.

10. Shareholding of our Directors and Key Managerial Personnel in our Company

Except for Mr. Shree Prakash Singh who holds one Equity Share, none of our Directors or Key Managerial Personnel hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus. For stock options held by our Key Managerial Personnel, see "***– Notes to Capital Structure – Employee Stock Option Scheme***" on page 84.

11. Details of shareholding of the major Shareholders of our Company

(a) As on the date of this Draft Red Herring Prospectus, our Company has 7 Shareholders.

(b) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company (i) as on the date of this Draft Red Herring Prospectus and (ii) as of 10 days prior to the date of this Draft Red Herring Prospectus.

S. No.	Shareholder	Number of Equity Shares of face value of ₹ 10 each held	Percentage of Equity Share Capital held (%)
1.	State Bank of India*	689,927,363	74.00
2.	CA Rover Holdings	242,406,915	26.00
	Total	**932,334,278**	**100.00**

* *This includes one Equity Share each held by Mr. Shree Prakash Singh, Mr. K. Pradeep, Ms. Usha Gautam, Mr. P.M. Mohan Patro and Mr. Sanjay Kumar Tiwari. SBI is the beneficial owner of such Equity Share.*

(c) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as of one year prior to the date of this Draft Red Herring Prospectus.

S. No.	Shareholder	Number of Equity Shares of face value of ₹ 10 each held	Percentage of Equity Share Capital held (%)
1.	State Bank of India	619,544,445	74.00
2.	CA Rover Holdings	217,677,779	26.00
	Total	**837,222,224**	**100.00**

(d) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as of two years, prior to the date of this Draft Red Herring Prospectus.

S. No.	Shareholder	Number of Equity Shares of face value of ₹ 10 each held	Percentage of Equity Share Capital held (%)
1.	State Bank of India	471,000,002	60.00
2.	GE Capital Mauritius Overseas Investments	314,000,000	40.00
	Total	**785,000,002**	**100.00**

12. Employee Stock Option Scheme

Our Company has formulated an employee stock option scheme, namely SBI Card Employee Stock Option Plan, 2019 (the "**SBIC ESOP Scheme**").

SBIC ESOP Scheme

Under SBIC ESOP Scheme, 13,343,700 options have been granted as on the date of this Draft Red Herring Prospectus, and none of these options have vested.

The following table sets forth the particulars of the SBIC ESOP Scheme as on the date of this Draft Red Herring Prospectus.

Particulars	Details			
	Fiscal 2017	**Fiscal 2018**	**Fiscal 2019**	**From April 1, 2019 until November 21, 2019**
Total options outstanding as at the beginning of the period	-	-	-	-
Total options granted	-	-	-	13,343,700
Pricing formula	-	-	-	Fair value at the grant date
Exercise price of options in ₹ (as on the date of grant options)	-	-	-	152.10
Options forfeited/lapsed/cancelled	-			
Variation of terms of options	-			
Money realized by exercise of options	-			
Total number of options outstanding in force	-	-	-	13,343,700
Total options vested (excluding the options that have been exercised)	-			
Options exercised (since implementation of the SBIC ESOP Scheme)	-			
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	-	-	-	13,343,700
Employee wise details of options granted to:				
(i) Key managerial personnel				
a) Monish Vohra	-	-	-	190,000
b) Anu Gupta	-	-	-	196,000
c) Richhpal Singh	-	-	-	245,000
d) Amit Batra	-	-	-	200,000
e) Girish Budhiraja	-	-	-	250,000
f) Rinku Sharma	-	-	-	190,000
g) Pradeep Khurana	-	-	-	200,000
h) Nalin Negi	-	-	-	250,000
i) Manish Dewan				245,000
j) Aparna Kuppuswamy				225,000
k) Ugen Bhutia				180,000
l) Payal Mittal Chhabra				142,500
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	-			
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	-			
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with IND AS 33 'Earnings Per Share'	Fiscal 2017 (Proforma)	₹ 4.75		
	Fiscal 2018	₹ 7.40		
	Fiscal 2019	₹ 9.43		
	April 1, 2019 – September 30, 2019*	₹ 7.79		
	i. Financial Statements are not available for the period beyond September 30, 2019			

Particulars	Details			
	Fiscal 2017	**Fiscal 2018**	**Fiscal 2019**	**From April 1, 2019 until November 21, 2019**
	ii. EPS for the period ended September 30, 2019 is not annualised			
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company	N.A.			
Method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	The fair value at grant date is determined using the Black & Scholes option pricing method which takes into account the exercise price, the life of expiration, expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option see "***Restated Financial Statements – Annexure V- Note 42***)"			
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three years	N.A.			
Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Not allowed as per SBIC ESOP Scheme			
Intention to sell Equity Shares arising out of the SBIC ESOP Scheme or allotted under an SBIC ESOP Scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the SBIC ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Not allowed as per SBIC ESOP Scheme			

13. Except for one Equity Share each transferred to Mr. Shree Prakash Singh, Mr. K. Pradeep, Ms. Usha Gautam, Mr. P.M. Mohan Patro and Mr. Sanjay Kumar Tiwari, respectively, by our Promoter, SBI, pursuant to the conversion of our Company to a public limited company, none of the members of the

Promoter Group, our Promoter, or our Directors or their relatives have sold or purchased any Equity Shares of our Company during the six months preceding the date of this Draft Red Herring Prospectus.

14. There have been no financing arrangements whereby our Promoter, members of the Promoter Group, our Directors or any of their relatives have financed the purchase by any other person of securities of our Company during the six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

15. Neither our Company, nor any of our Directors have entered into any buy-back arrangements for purchase of Equity Shares from any person. Further, the BRLMs have not made any buy-back arrangements for purchase of Equity Shares from any person

16. Other than sale of its Equity Shares in the Offer for Sale by our Promoter, our Promoter and members of the Promoter Group will not participate in the Offer, except in accordance with applicable law.

17. No person connected with the Offer, including, but not limited to, our Company, the Selling Shareholders, the members of the Syndicate, or our Directors, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.

18. Up to 1,864,669 Equity Shares shall be reserved for allocation to Eligible Employees under the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price (net of Employee Discount, if any, as applicable for the Employee Reservation Portion). Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion. Bids by Eligible Employees can also be made in the Net Offer and such Bids shall not be treated as multiple Bids. Unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹ 200,000 up to ₹ 500,000.

19. Up to 13,052,680 Equity Shares shall be reserved for allocation to SBI Shareholders under the SBI Shareholders Reservation Portion, subject to valid Bids being received at or above the Offer Price. Only SBI Shareholders would be eligible to apply in this Offer under the SBI Shareholders Reservation Portion.

20. Under-subscription, if any, in any category, including the Employee Reservation Portion and the SBI Shareholders Reservation Portion, except in the QIB Category, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.

21. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus. The Equity Shares to be issued or transferred pursuant to the Offer shall be fully paid-up at the time of Allotment.

22. Except for options granted under SBIC ESOP Scheme, our Company has no outstanding warrants, options to be issued Equity Shares or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.

23. Under SBIC ESOP Scheme, 13,343,700 options have been granted as on the date of this Draft Red Herring Prospectus, and none of these options have vested. Except for these, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.

24. Except for the issue of any Equity Shares pursuant to exercise of options granted under the SBIC ESOP Scheme, our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares (including issue of securities convertible into or exchangeable for, directly or indirectly into Equity Shares), whether on a preferential basis or by issue of bonus or rights or further public issue of Equity Shares.

25. The BRLMs or any of its associates cannot apply in the Offer under the Anchor Investor Portion, except for Mutual Funds sponsored by entities which are associate of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs or a FPI (other than individuals, corporate bodies and family offices) sponsored by entities which are associate of the BRLMs. Further, persons related to the Promoter or the Promoter Group shall not participate in the Offer, except in accordance with the applicable law.

26. Our Company shall ensure that any transactions in the Equity Shares by our Promoter and the Promoter Group during the period between the date of registering this Draft Red Herring Prospectus filed in relation to this Offer and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions

27. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company will comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

A Bidder cannot make a Bid exceeding the number of Equity Shares offered through this Offer and subject to the investment limits or maximum number of Equity Shares that can be held by them under applicable law. For further details, see "*Offer Procedure*" on page 404.

OBJECTS OF THE OFFER

The Offer comprises of a Fresh Issue and an Offer for Sale aggregating to ₹ [●] million.

The Offer for Sale

The object of the Offer for Sale is to allow the Selling Shareholders to sell an aggregate of up to [●] Equity Shares held by them. Our Company will not receive any proceeds from the Offer for Sale.

Fresh Issue

The net proceeds of the Fresh Issue, i.e. Gross proceeds of the Fresh Issue less the Offer Expenses apportioned to our Company ("**Net Proceeds**") are proposed to be utilised for augmenting our capital base to meet our future capital requirements.

In addition, we expect to achieve the benefit of listing of our Equity Shares on the Stock Exchanges.

The main objects and the objects incidental and ancillary to the main objects of our MoA enable our Company to undertake the activities for which the funds are being raised in the Fresh Issue.

Net Proceeds

The details of the proceeds of the Fresh Issue are summarized in the table below:

S. No	Particulars	Amount
(a)	Gross proceeds of the Fresh Issue	₹ 5,000 million
(b)	Less: Offer Expenses (only those apportioned to our Company)*	[●]**
(c)	Net Proceeds	[●]**

See "- Offer Related Expenses**" below.*
***To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*

Proposed schedule of Implementation and Utilization of Net Proceeds

The Net Proceeds are proposed to be deployed in the Financial Year 2020.

The fund deployment indicated above is based on current circumstances of our business and we may have to revise its estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws.

If the Net Proceeds are not utilized (in full or in part) for the objects of the Offer during the period stated above due to factors such as (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) any other business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods as may be determined by our Company, in accordance with applicable laws.

Details of the Objects

Augment our capital base to meet our future capital requirements

The object of the Offer is to augment our Company's capital base to facilitate our business growth and to ensure compliance with the RBI directions.

We are a Non-Banking Financial Company - Systemically Important Non-Deposit taking company ("**NBFC-ND-SI**") registered with the RBI. We offer an extensive credit card portfolio to individual cardholders and corporate clients which includes lifestyle, rewards, travel and fuel, shopping, banking partnership cards and corporate cards covering all major cardholder segments in terms of income profiles and lifestyles. For further details see "***Our Business***" on page 127.

As an NBFC-ND-SI, we are subject to regulations relating to the capital adequacy, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio and of the risk adjusted value of off-balance sheet items, as applicable. As per the capital adequacy norms issued by the RBI, our capital to risk ratio consisting of tier I and tier II capital should not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The tier I capital in respect of an NBFC-ND-SI, at any point of time, is required to be not be less than 10%. As at September 30, 2019, our Company's CRAR was 19.00%, of which Tier I capital was 14.76%. For further details see "***Key Regulations and Policies in India***" on page 152.

Accordingly, the Net Proceeds are proposed to be utilized for augmenting our Company's capital base which will be utilized towards our Company's business and growth including towards extending credit to our customers, meeting our operating expenditure and future working capital requirements which are expected to arise out of the growth of our business.

Means of Finance

The fund requirements set out above are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from Fresh Issue.

Offer Related Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, listing fees, selling commission and brokerage, fees payable to the BRLMs, fees payable to legal counsel, fees payable to the Registrar to the Offer, Escrow Collection Bank(s) and Sponsor Bank to the Offer, processing fee to the SCSBs for processing application forms, brokerage and selling commission payable to members of the Syndicate, Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. Our Company and the Selling Shareholders will share the costs and expenses (including all applicable taxes, except STT which shall be borne by the respective Selling Shareholders) directly attributable to the Offer (excluding listing fees, audit fees of the Statutory Auditors and expenses for any corporate advertisements, i.e. any corporate advertisements consistent with past practices of the Company (other than the expenses relating to marketing and advertisements undertaken in connection with the Offer) that will be borne by the Company), based on the proportion of the Equity Shares allotted by the Company in the Fresh Issue and sold by the respective Selling Shareholders in the Offer for Sale, subject to applicable law. Any expenses paid by the Company on behalf of Selling Shareholders in the first instance will be reimbursed to the Company, directly from the Public Offer Account. For ease of operations, expenses of the Selling Shareholders may at the outset be borne by our Company and each Selling Shareholder shall reimburse our Company for expenses incurred by our Company on behalf of such Selling Shareholder, in relation to the Offer, upon successful completion of the Offer in proportion of their respective portion of the Offered Shares.

The estimated Offer expenses are as follows:

₹ in million)

Activity	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
Fees payable to the BRLMs	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Brokerage and selling commission payable to Syndicate, Registered Brokers, RTAs and CDPs, as applicable(1)	[●]	[●]	[●]
Commission and processing fees to the SCSBs and fees to the Sponsor Bank for ASBA Forms procured by Registered Brokers, RTAs or CDPs (2)	[●]	[●]	[●]
Printing and stationery expenses	[●]	[●]	[●]
Fees to regulators, including stock exchanges	[●]	[●]	[●]
Others (i) SEBI, BSE and NSE processing fees, book building and listing fees and other regulatory expenses; (ii) Fees payable to legal counsels; and	[●]	[●]	[●]

Activity	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
(iii) Miscellaneous.			
Total estimated Offer expenses	[●]	[●]	[●]

** Offer expenses include goods and services tax, where applicable. Offer expenses will be incorporated at the time of filing of the Prospectus. Offer expenses are estimates and are subject to change.*

(1) Selling commission payable to members of the Syndicate, SCSBs, RTAs and CDPs on the amounts received against the Equity Shares Allotted (i.e. product of the Equity Shares Allotted and the Offer Price) would be as follows:

Portion for Retail Individual Investors	*[●]% (plus applicable goods and services tax)*
Portion for Non-Institutional Investors	*[●]% (plus applicable goods and services tax)*
Employee Reservation Portion	*[●]% (plus applicable goods and services tax)*
SBI Shareholders Reservation Portion	*[●]% (plus applicable goods and services tax)*

Further, bidding charges of ₹ [●] (plus applicable goods and services tax) shall be per valid ASBA Form collected by the Syndicate, RTAs and CDPs (excluding applications made by Retail Individual Investors using the UPI Mechanism). The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges. No additional bidding charges shall be payable to SCSBs on the Bid cum Application Forms directly procured by them. Selling commission payable to the Registered Brokers on the portion for Retail Individual Investors, Non-Institutional Investors, Eligible Employees and SBI Shareholders, which are directly procured by the Registered Brokers and submitted to SCSB for processing, shall be ₹ [●] per valid Bid cum Application Form (plus applicable goods and services tax).

(2) Processing fees payable to the SCSBs for Bid cum Application Forms which are procured by the Registered Brokers / RTAs / CDPs and submitted to the SCSB for blocking shall be ₹ [●] per valid Bid cum Application Form (plus applicable taxes).

Processing fees for applications made by Retail Individual Investors using the UPI Mechanism would be as follows:

RTAs / CDPs/ Registered Brokers	*₹ [●] per valid Bid cum Application Form (plus applicable taxes)*
Sponsor Bank	*₹ [●] per valid Bid cum Application Form (plus applicable taxes)* *The Sponsor Bank shall be responsible for making payments to third parties such as the remitter bank, the NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws.*

** Based on valid Bid cum Application Forms*

Interim Use of Funds

Pending utilization for the purposes described above, we undertake to temporarily invest the funds from the Net Proceeds only with scheduled commercial banks. In accordance with Section 27 of the Companies Act 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Bridge Loan

Our Company has not raised any bridge loans which are required to be repaid from the Net Proceeds.

Monitoring of Utilization of Funds

In terms of Regulation 41 of the SEBI ICDR Regulations, prior to registering the Red Herring Prospectus with RoC, we will appoint a monitoring agency to monitor the utilization of the Net Proceeds as our Offer size (excluding the Offer for Sale by the Selling Shareholders) exceeds ₹ 1,000 million. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before our Audit Committee. Such disclosure shall be made only until such time that 95% of the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors. Further, in accordance with the Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the Net Proceeds from the objects of the Offer as stated above; and (ii) details of category wise variations in the utilisation of the Net Proceeds from the objects of the Offer as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results of our Company, after placing such information before our Audit Committee.

Variation in Objects of the Offer

In accordance with Sections 13(8) and 27 of the Companies Act 2013, our Company shall not vary the Objects of the Offer unless our Company is authorized to do so by way of a special resolution of its Shareholders. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013.

Appraising Entity

None of the objects of the Fresh Issue for which the Net Proceeds will be utilized have been appraised by any bank/financial institution.

Other Confirmations

No part of the Net Proceeds will be paid to our Directors, Promoter, Promoter Group, Group Companies or Key Managerial Personnel, except in the ordinary course of business. Our Company has not entered into nor has planned to enter into any arrangement/ agreements with our Directors, Promoter, Promoter Group, Key Management Personnel or Group Companies in relation to the utilization of the Net Proceeds of the Offer.

BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of the assessment of market demand for the Offered Shares through the Book Building Process and on the basis of the quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should refer to "***Risk Factors***", "***Our Business***", "***Financial Statements***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 28, 127, 203 and 324, respectively, to have an informed view before making an investment decision.

Qualitative Factors

- second largest credit card issuer in India with deep industry expertise and a demonstrated track record of growth and profitability
- diversified customer acquisition capabilities
- supported by a strong brand and pre-eminent promoter
- diversified portfolio of credit card offerings
- advanced risk management and data analytics capabilities
- modern and scalable technology infrastructure
- Highly experienced and professional management team

For further details, see *"**Risk Factors**"* and *"**Our Business**"* on pages 28 and 127, respectively.

Quantitative Factors

Some of information presented below relating to our Company is based on the on the Restated Financial Statements. For details, see *"**Financial Statements**"* on page 203.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

1. Basic and Diluted Earnings per Share ("EPS") at Face Value of ₹ 10 each:

As per Restated Financial Statement:

Year/Period ended	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2019	9.43	9.43	3
March 31, 2018	7.40	7.40	2
March 31, 2017	4.75	4.75	1
Weighted Average	7.97	7.97	
Six months ended September 30, 2019*	7.79	7.79	

**Not annualised*

Notes:

1. *Earnings per share calculations are in accordance with Ind AS 33 (Earnings per Share).*
2. *The ratios have been computed as below:*

   a. *Basic earnings per share (₹) = Restated Net profit/loss attributable to equity shareholders / weighted average number of equity shares outstanding during the year.*

   b. *Diluted earnings per share (₹) = Restated Net profit/loss attributable to equity shareholders / weighted average number of diluted equity shares outstanding during the year*

2. Price/Earning ("P/E") ratio in relation to price band of ₹ [●] to ₹ [●] per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic EPS for Fiscal 2019 on Restated Financial Statements	[●]	[●]
Based on diluted EPS for Fiscal 2019 on Restated Financial Statements	[●]	[●]

Industry Peer Group P/E ratio

There are no listed companies in India that engage in a business similar to that of our Company. Accordingly, it is not possible to provide an industry comparison in relation to our Company.

3. Return on Net Worth ("RoNW")

As per Restated Financial Statement

Period/Year ended	RONW (%)	Weight
March 31, 2019	24.00	3
March 31, 2018	25.00	2
March 31, 2017	26.00	1
Weighted Average	24.67	
Six months ended September 30, 2019*	17.00	

*Not annualized

Notes:

- *Return on Net Worth (%) = Restated profit/ (loss) after tax attributable to equity shareholders / Restated Net worth at the end of the year*
- *The weighted average return on net worth is a product of return on net worth and respective assigned weight, dividing the resultant by total aggregate weight.*

4. Net Asset Value per Equity Share (Face Value of ₹ 10 each)

As per Restated Financial Statement

NAV	Consolidated (₹)
As on September 30, 2019	46.99
After the Offer	
- At the Floor Price	[●]
- At the Cap Price	[●]
At Offer Price	[●]

Notes:

- *Net Asset Value (₹) = Restated net worth at the end of the year/ Total number of equity shares outstanding at the end of the year*

5. Comparison with listed industry peers

There are no listed companies in India that engage in a business similar to that of our Company. Accordingly, it is not possible to provide an industry comparison in relation to our Company.

6. The Offer Price is [●] times of the Face Value of the Equity Shares.

The Offer Price of ₹ [●] has been determined by our Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of demand from investors for the Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with "***Risk Factors***", "***Our Business***" and "***Financial Statements***" on pages 28, 127 and 203 respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in "***Risk Factors***" on page 28 and you may lose all or part of your investments.

STATEMENT OF SPECIAL TAX BENEFITS

To,
The Board of Directors
SBI Cards and Payment Services Limited
DLF Infinity Towers, Tower C
10th -12th Floor, Block 2, Building 3, DLF Cyber City
Gurugram, Haryana 122002
India

Ladies and Gentleman,

Re: Proposed initial public offering of equity shares of face value of Rs. 10 each (the "Equity Shares") of SBI Cards and Payment Services Limited (the "Company" and such offering, the "Offer")

We report that the enclosed statement in the **Annexure I**, states the possible special tax benefits under direct and indirect tax laws, available to the Company and its shareholders. Several of these possible special tax benefits forming part of the Statement are dependent on the Company and its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company and its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company and its shareholders faces in the future, the Company and its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed **Annexure I** are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer. We are neither suggesting nor advising the investor to invest in the Offer based on this statement.

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" ("Guidance Note") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Charted Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

We do not express any opinion or provide any assurance as to whether:
(i) the Company or its shareholders will continue to obtain these benefits in future; or

(ii) the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of the tax laws and its interpretation, which are subject to change from time to time.

We also consent to the references to us as "Experts" as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus (collectively, the "**Offer Documents**") of the Company or in any other documents in connection with the Offer.

We hereby give consent to include this statement of special tax benefits in the Draft Red Herring Prospectus, and in any other material used in connection with the Offer.

This certificate is issued for the sole purpose of the Offer, and can be used, in full or part, for inclusion in the Offer Documents and any other material used in connection with the Offer, and for the submission of this certificate as may be necessary, to any regulatory / statutory authority, stock exchanges, any other authority as may be required.

Yours faithfully,
For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration Number: 000990N

R. Balasubramanian
Partner
Membership No: 080432
UDIN: 19080432AAAANI2249
Place: New Delhi
Date: November 22, 2019

Encl: As above

Annexure I

SPECIAL TAX BENEFITS TO THE COMPANY

UNDER THE INCOME TAX LAWS

Special tax benefits available under the Income Tax Act, 1961 (the Act):

A. 80JJAA. (1) Where the gross total income of an assessee to whom section 44AB applies, includes any profits and gains derived from business, there shall, subject to the conditions specified in sub-section (2), be allowed a deduction of an amount equal to thirty per cent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment yea relevant to the previous year in which such employment is provided.

Explanation.—For the purposes of this section,—

1) "additional employee cost" means the total emoluments paid or payable to additional employees employed during the previous year:
Provided that in the case of an existing business, the additional employee cost shall be *nil*, if—

a) there is no increase in the number of employees from the total number of employees employed as on the last day of the preceding year;

b) emoluments are paid otherwise than by an account payee cheque or account payee bank draft or by use of electronic clearing system

2) "additional employee" means an employee who has been employed during the previous year and whose employment has the effect of increasing the total number of employees employed by the employer as on the last day of the preceding year, but does not include—

a) an employee whose total emoluments are more than twenty-five thousand rupees per month; or

b) an employee for whom the entire contribution is paid by the Government under the Employees' Pension Scheme notified in accordance with the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952); or

c) an employee employed for a period of less than two hundred and forty days during the previous year; or

d) an employee who does not participate in the recognised provident fund:

Provided further *that where an employee is employed during the previous year for a period of less than two hundred and forty days or one hundred and fifty days, as the case may be, but is employed for a period of two hundred and forty days or one hundred and fifty days, as the case may be, in the immediately succeeding year, he shall be deemed to have been employed in the succeeding year and the provisions of this section shall apply accordingly;*

B. 36(1)(viia)(d). In respect of any provision for bad and doubtful debts made by a non-banking financial company, an amount not exceeding five per cent of the total income is allowed a deduction (computed before making any deduction under this clause and Chapter VI-A).

Explanation.—For the purposes of this clause

"non-banking financial company" shall have the meaning assigned to it in clause (f) of section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934);

C. 35DD. (1) Where an assessee, being an Indian company, incurs any expenditure, on or after the 1st day of April, 1999, wholly and exclusively for the purposes of amalgamation or demerger of an undertaking, the assessee shall be allowed a deduction of an amount equal to one-fifth of such expenditure for each of the five successive previous years beginning with the previous year in which the amalgamation or demerger takes place.

(2) No deduction shall be allowed in respect of the expenditure mentioned in sub-section (1) under any other provision of this Act.

UNDER THE INDIRECT TAX LAWS TO THE COMPANY

No special tax benefits available to the company

SPECIAL TAX BENFITS TO SHAREHOLDERS OF THE COMPANY

A. Dividends

As per the provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the members/shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax on the amount distributed as dividend.

As per the provisions of Section 115BBDA of the Act, income by way of dividend in excess of Rs. 10 lakhs is chargeable to tax at the rate of 10 per cent on gross basis in case of a resident individual, Hindu undivided family or firm.

Notes:
1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above statement covers only relevant direct and indirect special tax benefits and does not cover any benefit under any other law.

3. The above statement of possible special tax benefits is as per the current direct and indirect tax laws relevant for the financial year 2019-20.

4. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the company.

SECTION IV- ABOUT OUR COMPANY

INDUSTRY OVERVIEW

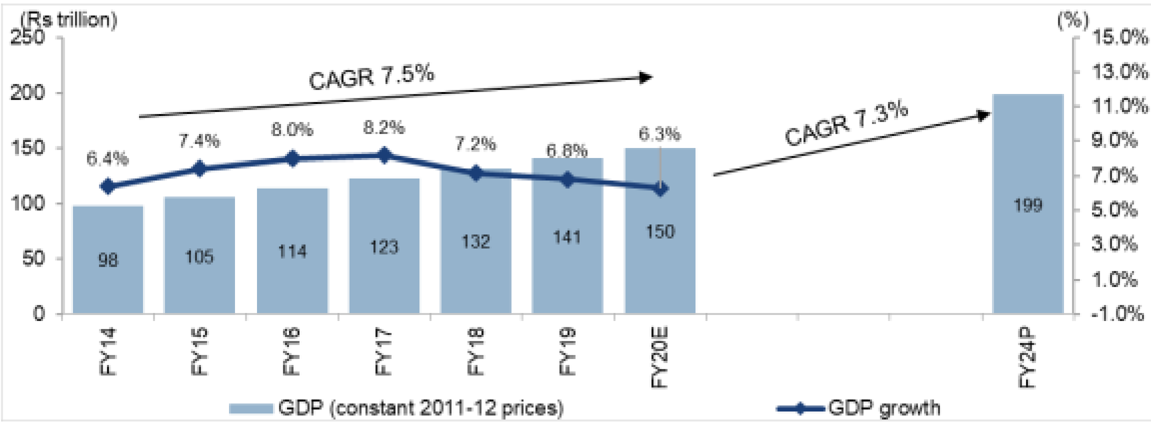
*The information in this section is derived from the report entitled "Analysis of credit cards industry in India", dated November 2019, (the "**CRISIL Report**") prepared by CRISIL Research, a division of CRISIL Limited ("**CRISIL Research**"), except for other publicly available information as cited in this section. We commissioned the CRISIL Report for the purposes of confirming our understanding of the Indian credit card industry in connection with the Offer. Neither we nor any other person connected with the Offer has verified the information in the CRISIL Report or other publically available information cited in this section. Further, the CRISIL Report was prepared on the basis of information as of specific dates which may no longer be current or reflect current trends. Opinions in the CRISIL Report may be based on estimates, projections, forecasts and assumptions that may prove to be incorrect. CRISIL Research has advised that, while it has taken due care and caution in preparing the CRISIL Report based on the information obtained by CRISIL Research from sources which it considers reliable, it does not guarantee the accuracy, adequacy or completeness of the CRISIL Report or the data therein and is not responsible for any errors or omissions or for the results obtained from the use of CRISIL Report or the data therein. Further, the CRISIL Report is not a recommendation to invest or disinvest in any company covered in the report. CRISIL Research especially states that it has no liability whatsoever to the subscribers, users, transmitters or distributors of the CRISIL Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division or CRISIL Risk and Infrastructure Solutions Ltd, which may, in their regular operations, obtain information of a confidential nature. The views expressed in the CRISIL Report are that of CRISIL Research and not of CRISIL's Ratings Division or CRIS. Prospective investors are advised not to unduly rely on the CRISIL Report.*

India's Macroeconomic Overview

GDP expected to grow faster over the next five years

Private consumption and investment drove real gross domestic product ("**GDP**") growth in India from fiscal 2014 until fiscal 2019. Low inflation, benign interest rates and the revision of government employees' salaries in line with the Seventh Pay Commission's recommendations bolstered growth in private consumption. Investments saw a gradual pick-up in the last few years, but most of it has been led by government spending either through budgetary resources or by nudging public sector enterprises to take on capital expenditure.

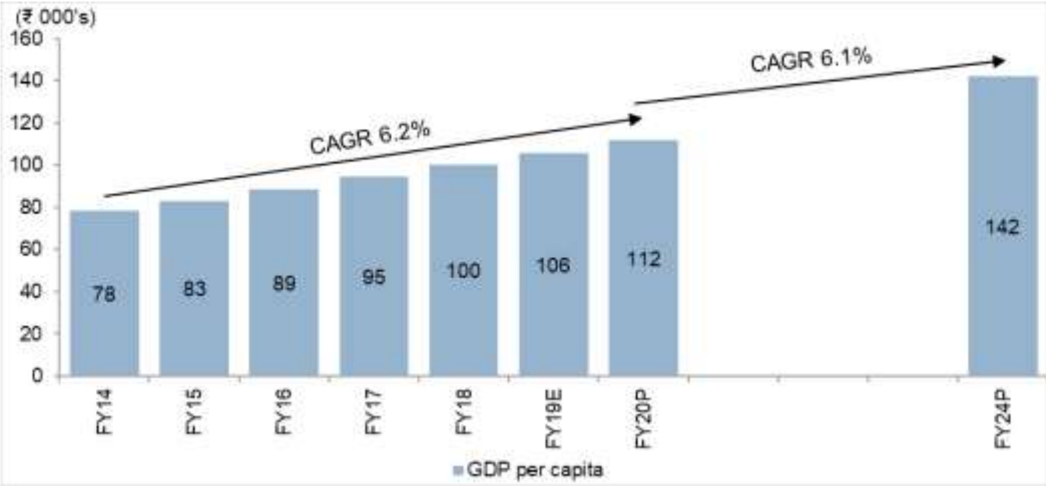
According to CRISIL Research, India's GDP is expected to grow at a rate of 6.3% in fiscal 2020 and at a compound annual growth rate ("**CAGR**") of 7.3% till fiscal 2024. The figure below depicts this expected growth in India's GDP till fiscal 2024.



Note: E means Provisional Estimates; P means Projected
Source: CSO (Central Statistics Organisation), IMF, CRISIL Research

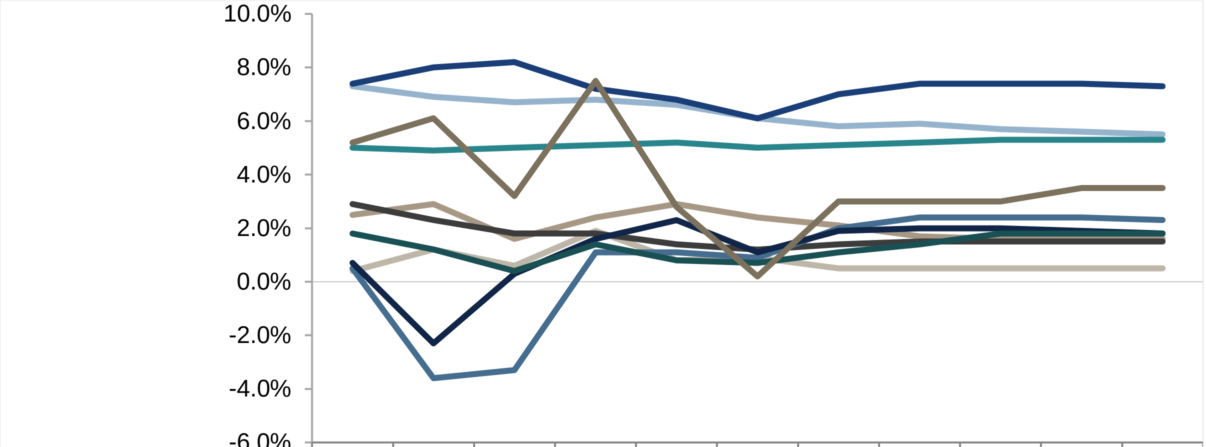
Recapitalisation of banks and partial credit guarantee by the government to facilitate the purchase of non-banking finance companies ("**NBFC**") loans from banks is expected to improve the ability of the financial sector to extend credit. While GDP growth has declined perceptibly in recent quarters, according to CRISIL Research, GDP growth is expected to get some lift in the second half of fiscal 2020 from the low base effect that will set in, as well as from a number of government reform measures, including an easing monetary policy, improved transmission of rate cuts and the minimum income support scheme to farmers from the government that is expected to feed into consumption.

According to CRISIL Research, India's per capita GDP (at constant fiscal 2012 prices) grew steadily from Rs. 78,348 in fiscal 2014 to Rs. 105,688 in fiscal 2019, representing a 34.9% increase over such period and a 6.2% CAGR, and assuming an average growth of around 7.0% in real GDP over the next five years, India's per capita GDP is expected to grow at a CAGR of 6.0% over the next five years till Rs. 142,000 in fiscal 2024. The figure below depicts the year-on-year growth in India's per capita GDP from fiscal 2014 till fiscal 2019, and the expected growth in India's per capita GDP up till fiscal 2024.



Note: E means Provisional Estimates; P means Projected
Source: CSO (Central Statistics office), IMF, CRISIL Research

According to CRISIL Research, India is one of the fastest growing major economies in the world. The figure below depicts the year-on-year percentage growth in India's per capita GDP as compared to China, USA, South Africa, U.K., Indonesia, Brazil, Japan, Russian Federation and Turkey from fiscal 2014 till fiscal 2019, and the expected growth until fiscal 2024.



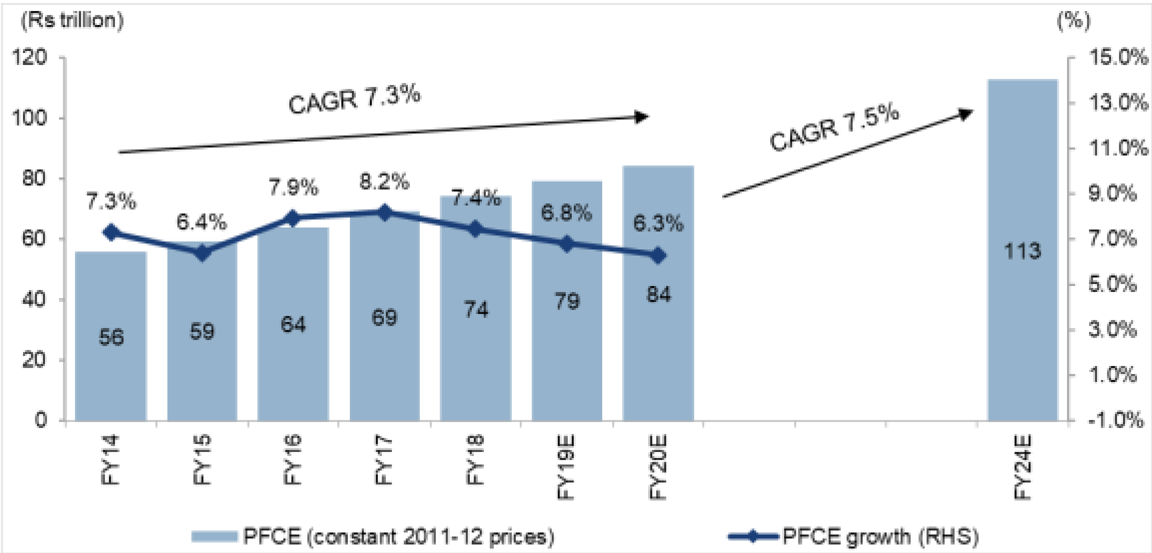
	2014	2015	2016	2017	2018	2019	2020P	2021P	2022P	2023P	2024P
China	7.3%	6.9%	6.7%	6.8%	6.6%	6.1%	5.8%	5.9%	5.7%	5.6%	5.5%
India	7.4%	8.0%	8.2%	7.2%	6.8%	6.1%	7.0%	7.4%	7.4%	7.4%	7.3%
Indonesia	5.0%	4.9%	5.0%	5.1%	5.2%	5.0%	5.1%	5.2%	5.3%	5.3%	5.3%
Japan	0.4%	1.2%	0.6%	1.9%	0.8%	0.9%	0.5%	0.5%	0.5%	0.5%	0.5%
USA	2.5%	2.9%	1.6%	2.4%	2.9%	2.4%	2.1%	1.7%	1.6%	1.6%	1.6%
UK	2.9%	2.3%	1.8%	1.8%	1.4%	1.2%	1.4%	1.5%	1.5%	1.5%	1.5%
Brazil	0.5%	-3.6%	-3.3%	1.1%	1.1%	0.9%	2.0%	2.4%	2.4%	2.4%	2.3%
Russian Federation	0.7%	-2.3%	0.3%	1.6%	2.3%	1.1%	1.9%	2.0%	2.0%	1.9%	1.8%
South Africa	1.8%	1.2%	0.4%	1.4%	0.8%	0.7%	1.1%	1.4%	1.8%	1.8%	1.8%
Turkey	5.2%	6.1%	3.2%	7.5%	2.8%	0.2%	3.0%	3.0%	3.0%	3.5%	3.5%

Note: GDP growth is based on constant prices. The above figure includes IMF estimates and forecast as of October 2019.
Source: IMF

Key growth drivers

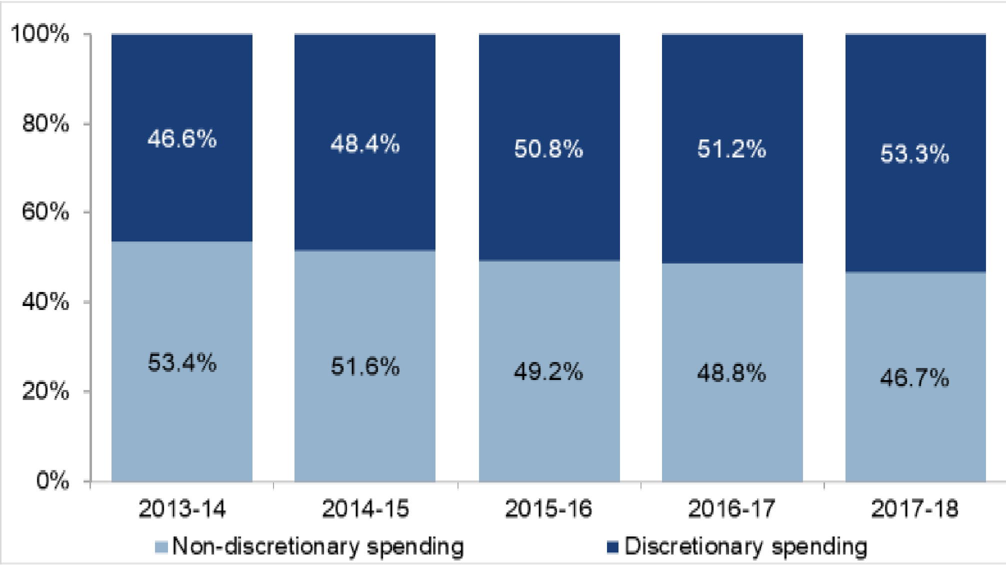
Indian private final consumption expenditure growing at a healthy pace

According to CRISIL Research, private final consumption expenditure ("**PFCE**") grew at 7.3% over the last five years from fiscal 2014 to fiscal 2019. The figure below depicts the year-on-year growth of PFCE from fiscal 2014 to fiscal 2019 and the expected growth in PFCE till fiscal 2024.



Source: CSO (Central Statistical Organisation), CRISIL Research

Private consumption forms the biggest portion of the GDP basket, at approximately 43.0%. Hence, any change in private final consumption patterns will be crucial to the growth dynamics of various sectors of the economy. Over the years, Indians are increasingly spending more on discretionary items, such as dining, entertainment, vacations and luxury goods, and less on non-discretionary items such as food, shelter and education. The figure below depicts the year-on-year percentage change in discretionary and non-discretionary spending in India.

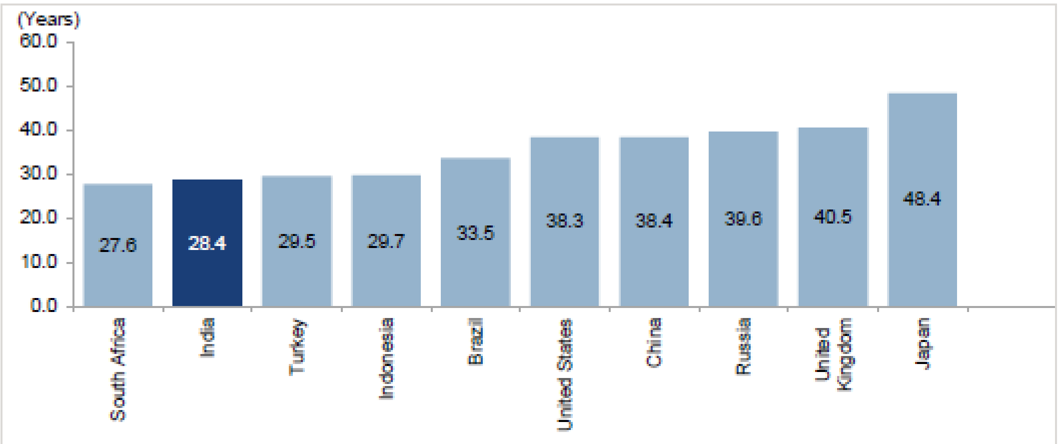


Note: Non-discretionary spending includes food & non-alcoholic beverages, clothing & footwear and housing, water, electricity, gas & other fuels
Source: MOSPI, CRISIL Research

With a rising per capita GDP, aspiring and affluent households have helped spur domestic consumption and increased spends on financial services products, apparel, footwear, health and personal care. Going forward, CRISIL Research expects consumers to further increase discretionary spending, along with the rise in income levels.

Median age lowest for India compared to other countries

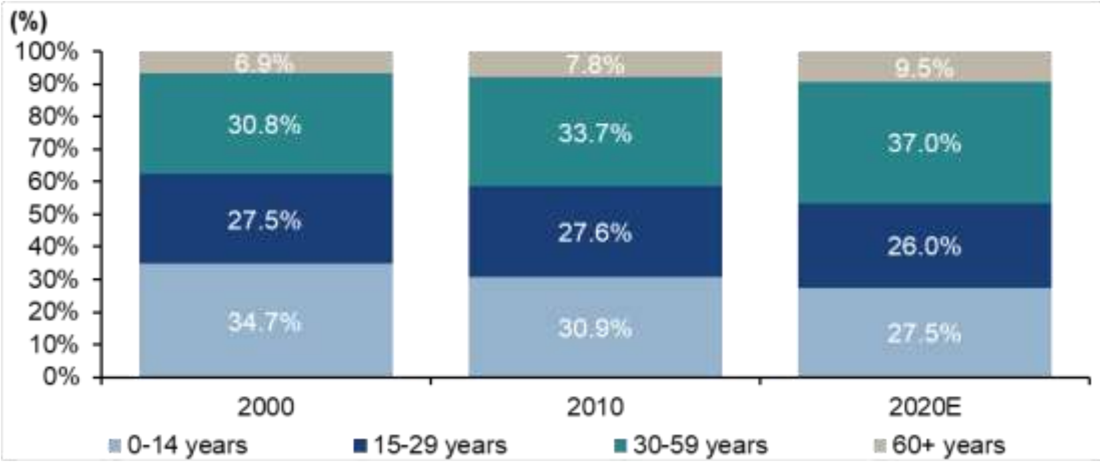
According to CRISIL Research, India's median population age is estimated at 28.4 years in calendar year 2020. Indonesia and South Africa are the only countries which has median population age closer to India at 29.5 years and 27.6 years, respectively. Japan had the highest median population age of 48.4 years. With a low median age, India holds the advantage of having an increased working population going forward. This population group is aspirational which will contribute to private consumption and GDP growth rate. The figure below depicts the median age for India as compared to other countries in the calendar year 2020.



Note: Median age data is for calendar year 2020
Source: United Nations World Population Prospects 2019

Favourable demographics

Currently, India has one of the largest young populations in the world, with an estimated median age of approximately 28 years as of calendar year 2020. According to CRISIL Research, as much as 90.0% of India's population will still be below the age of 60 by calendar year 2020, and 37.0% of India's population has been estimated to be between the ages of 30 to 59 by calendar year 2020, which fairly represents the working age population and has increase over the years. India's working age population is expected to grow from 0.31 billion in calendar year 2010 to 0.37 billion in calendar year 2020, representing an increase of approximately 60 million people, according to CRISIL Research. The figure below depicts the breakdown of India's demographic dividend for the calendar years 2000, 2010 and the expected breakdown in 2020.

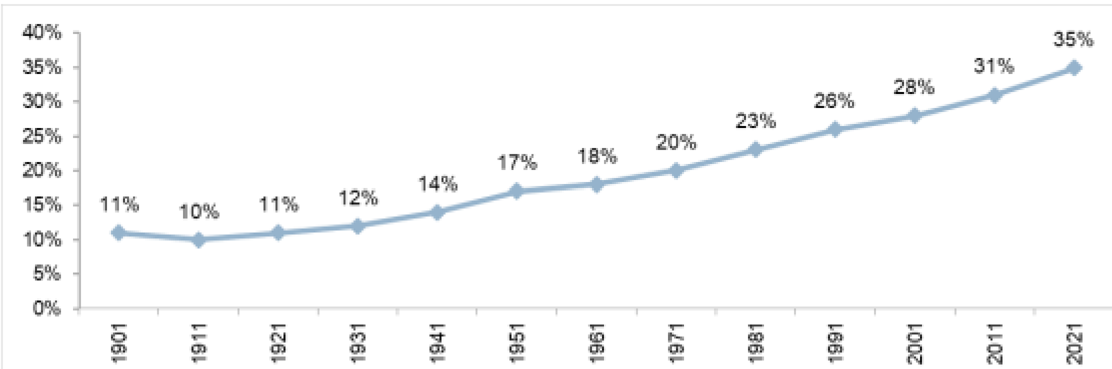


Note: E means Estimated

Source: United Nations Department of Economic and Social Affairs, CRISIL Research

Urbanization

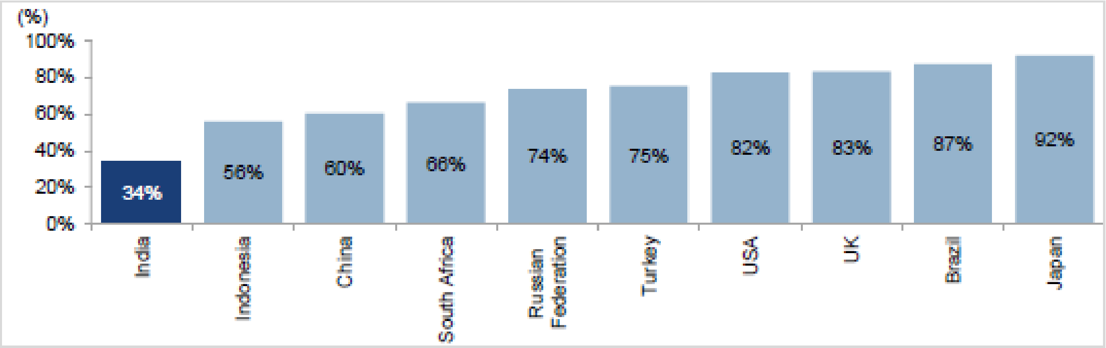
Urbanization is a big growth driver for India as this leads to fast infrastructure development, job creation, development of modern consumer services and the city's ability to mobilize savings. The share of urban population as a percentage of total population has been consistently rising over the years and stood at approximately 31.0% in 2011 and is expected to reach 35.0% by 2021 according to CRISIL Research, spurring more demand. The figure below depicts India's urban population as a percentage of total population up till 2021.



Note: P means Projected

Source: Census 2011, World Urbanization Prospects: The 2018 Revision (UN)

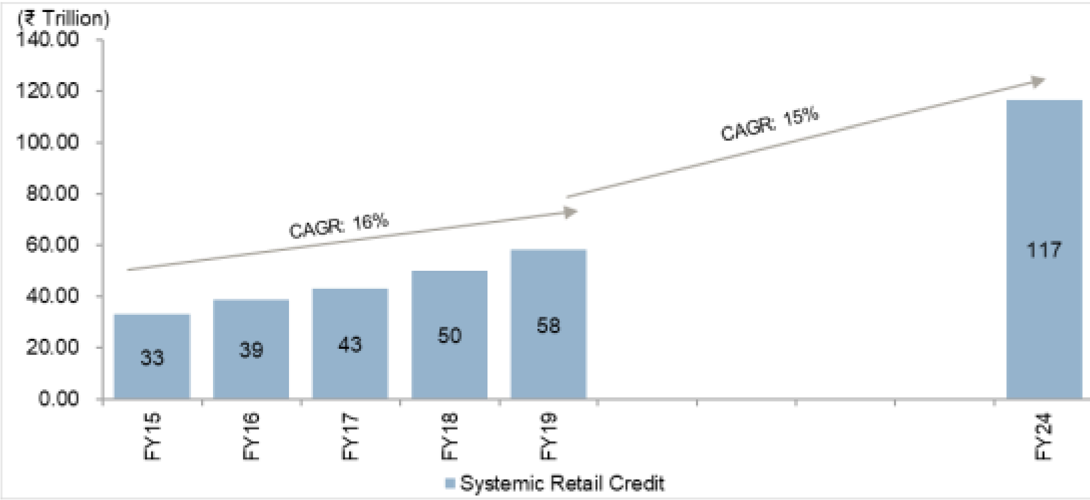
Urban consumption in India has shown signs of improvement and given India's favourable demographics coupled with rising disposable income, this trend is likely to continue and drive economic growth for the country. However, urbanization in India is comparatively lower compared to global economies, such as Indonesia, China and Germany, which have an urban population of 56.0%, 60.0% and 77.0% respectively. This shows that there is potential for growth in urbanization in India and the opportunity to cater to their credit needs exists. The figure below depicts India's urbanization compared with other countries.



Source: United Nations: World Urbanization Prospects 2018 Revision

Retail credit growth to continue on a strong footing

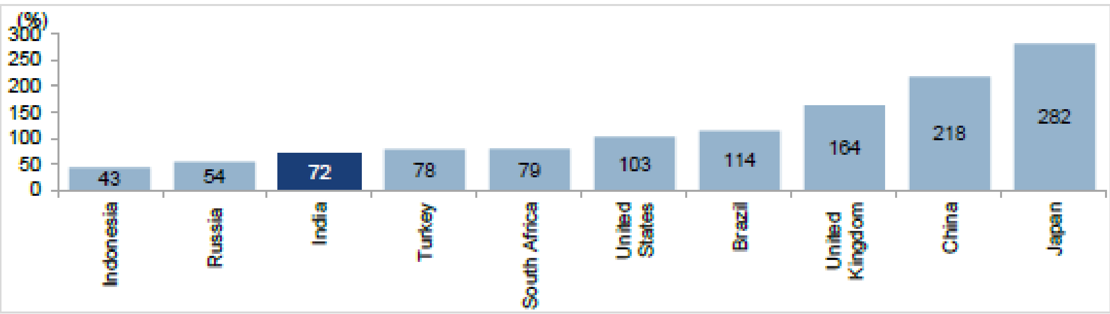
According to CRISIL Research, retail credit, including domestic bank and non-bank credit, is expected to continue its momentum in India, which will double over the next five years to Rs. 117.0 trillion as of fiscal 2024. The figure below depicts the year-on-year increase in systemic retail credit from fiscal 2015 to fiscal 2019 and the expected increase till fiscal 2024.



Note: Systemic retail credit includes domestic bank and non-bank (NBFC and housing finance companies (HFC)) credit
Source: CRISIL Research

This growth in retail credit will be propelled by an increase in private consumption with a steady rise in disposable income, an attitudinal shift in consumers being increasingly open to taking on debt, a continuing trend of urbanization and nuclearisation, an increased availability of data from credit bureaus, as well as non-traditional data and financiers leveraging technology and data analytics to serve their target markets in a more efficient manner.

As the figure below depicts, India's overall credit penetration in the economy measured by its domestic credit as proportion of GDP is one of the lowest as compared to other countries.



Source: World Bank, Data for India is of 2017

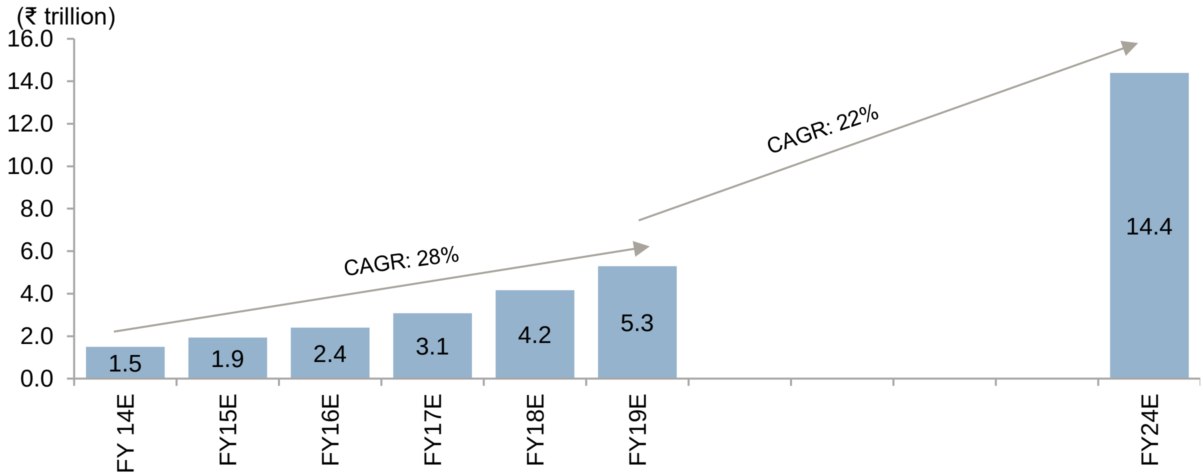
However, this ratio has been increasing at a faster rate with increase in formalisation, rise in income levels and improving banking penetration in the country. This is further supported by strong retail focus by banks as this segment offers better risk-to-reward. According to CRISIL Research, this pace will continue in medium term given huge under-penetration in this segment and supported by rapid growth in income levels in India.

Unsecured loans expected to grow at a faster pace than retail credit growth

Unsecured loans, which comprise of credit cards, personal and consumer durables loans, is a strong growth driver of retail credit. Compared to retail credit, unsecured loans have grown at a faster pace in India at a CAGR of 28.0% to reach approximately 5.0 trillion unsecured loans as of fiscal 2019. For many customers, especially millennials (persons below 30 years of age), unsecured loans would be the first form in which they access credit. For example, according to CRISIL Research, approximately 25.0% of new card additions in fiscal 2019 were to new-to-credit customers.

High usage of technology by today's tech-savvy generation has led players to improve their offering through digital initiatives to boost growth. In particular, for low-ticket size offerings such as credit cards and personal loans, there is a higher preference for accessing the digital route from documentation to payment according to CRISIL Research.

Going forward, CRISIL Research expects the unsecured loan market in India to continue expanding to reach approximately Rs. 14.4 trillion by fiscal 2024, as depicted in the figure below.

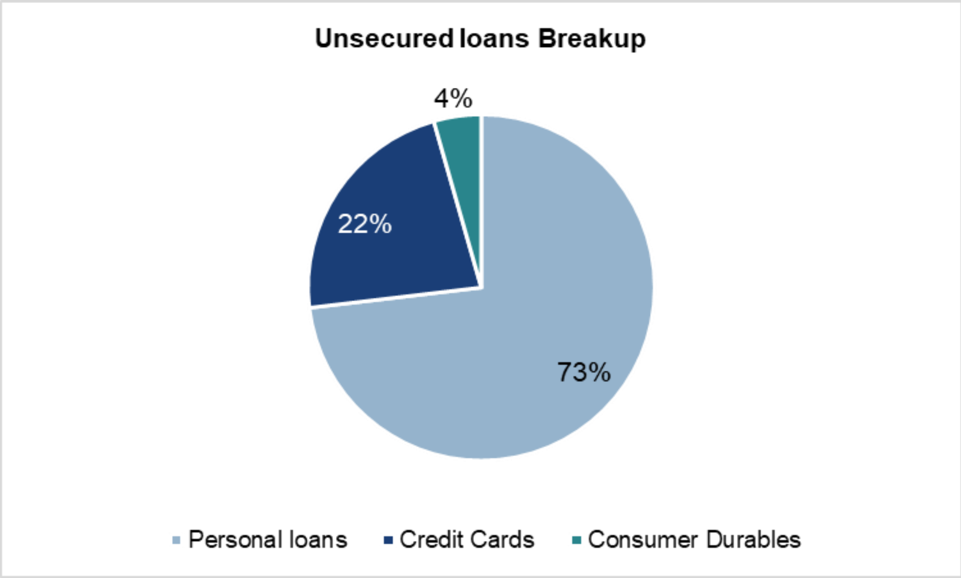


Source: Company filings, RBI, CRISIL Research

The key factors driving growth in the unsecured loan market include, a steady rise in discretionary spending, which has grown at a CAGR of approximately 12.0% between fiscals 2014 and 2019; increasing credit penetration due to higher data availability and a larger share of formal sector employment; increasing usage of alternative data sources such as payments and behavioural data in credit decision-making, enhancing the comfort level of lenders; a steady rise in organized retail penetration; and the strong growth of the e-commerce industry, which has grown at a CAGR of 32.0% between fiscals 2014 and 2019.

Credit cards expected to grow at the fastest rate as part of the unsecured loans market

The figure below depicts the breakdown of the different segments in the unsecured loan market.



Note: Data is for fiscal 2019.
Source: CRISIL Research

While personal loans form a major component of unsecured loans, according to CRISIL Research, credit cards outstanding is forecast to grow at the fastest pace of 23.0% CAGR over the next five years, driven by the rising issuance of cards in smaller cities, increasing organized retail penetration and growth in payments infrastructure. Personal loans and consumer durables are also expected to log strong growth of 20.0% to 22.0% and 19.0% to 21.0% over the next five years, respectively.

Personal loans and credit cards delinquency has remained almost stable over the last three years

As of fiscal 2019, personal loans and credit cards delinquency has remained almost stable over the last three years, as depicted in the figure below.

Product (as of March 31, 2019)	Delinquency Level
Personal loans	0.5 – 0.7%
Credit cards	1.5 - 1.8%
Consumer durable loans	1.5 – 2%

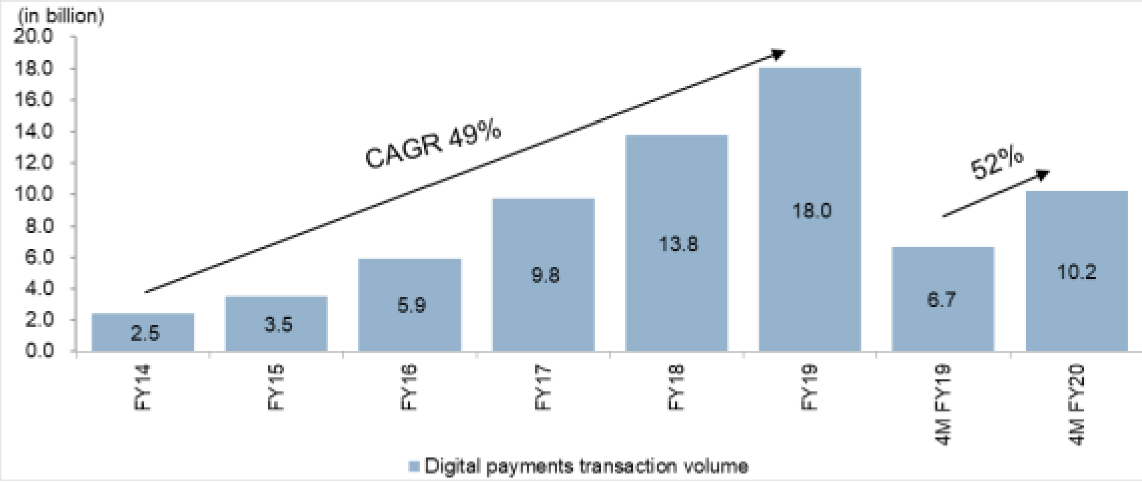
Source: Industry, CRISIL Research

Overview of the Digital Payments Landscape

Government moves and convenience expected to catalyze digital payments

The payments space has seen rapid innovation in the past few years, led by government and regulatory initiatives as well as changing consumer preferences. Jan Dhan, Aadhaar and Mobile ("**JAM**"), the demonetisation of high-value currency notes in November 2016, implementation of goods and services tax ("**GST**") and the unveiling of the Unified Payments Interface ("**UPI**") are some of the notable regulatory initiatives that have spurred growth in the payments space. Digital payment volumes (including RTGS, but excluding interbank clearing, ECS, NEFT, IMPS, NACH, cards and prepaid instruments) have quadrupled in the last three years ending fiscal 2019, according to CRISIL Research.

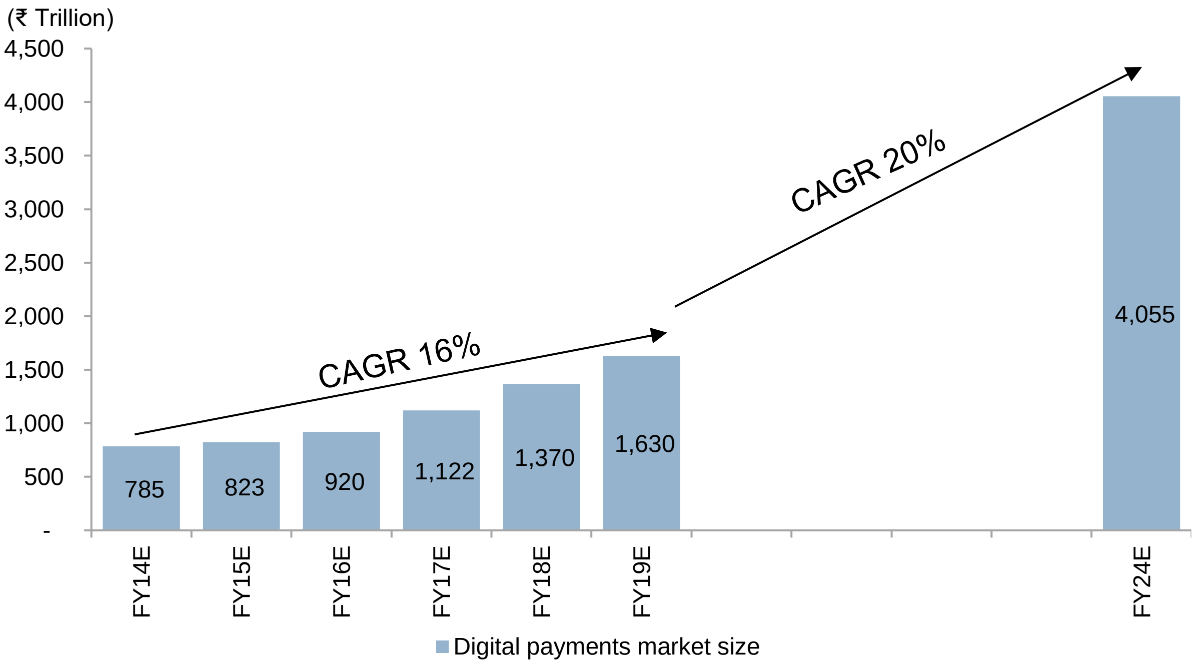
In terms of volume, digital payments transactions have logged a five-year CAGR of 49.0% from fiscal 2014 to fiscal 2019, owing to factors such as a younger population, rising smartphone penetration, an increase in mobile internet users, increasing convenience of transacting digitally, and a booming ecommerce sector. The growth rate decreased slightly in the immediate aftermath of changes in KYC norms, including voluntary use of Aadhar identification, being made applicable to prepaid payment instrument ("**PPI**") companies in March 2018, but has bounced back since then. The figure below depicts the year-on-year increase in digital payments transactions from fiscal 2014 to fiscal 2019, and the expected increase from fiscal 2019 to fiscal 2020.



Note: Digital transactions includes RTGS, but excludes interbank clearing, ECS, NEFT, IMPS, NACH, cards and prepaid instruments

Source: RBI, CRISIL Research

According to CRISIL Research, the digital payments value in India is expected to more than double to Rs. 4,055.0 trillion in fiscal 2024 from Rs. 1,630.0 trillion in fiscal 2019, translating into a five-year CAGR of 20.0%, as depicted in the figure below.



Note: Digital transactions include RTGS – excluding interbank clearing, ECS, NEFT, IMPS, NACH, cards and prepaid instruments

Source: RBI, CRISIL Research

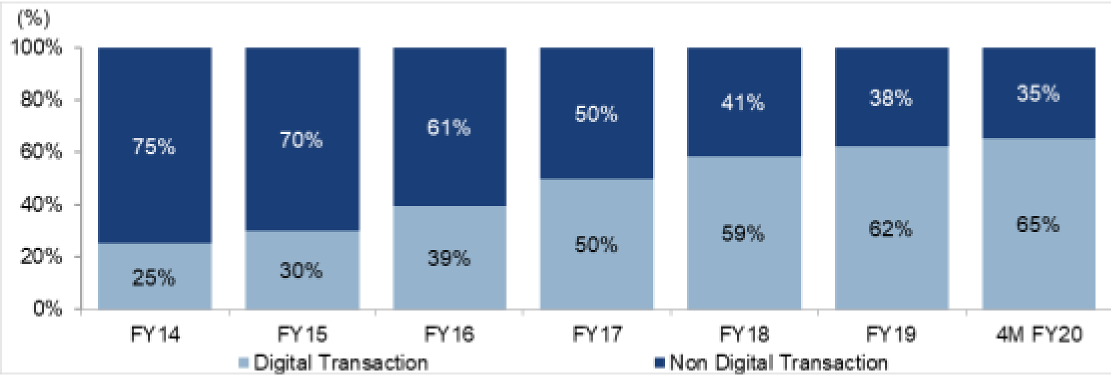
The introduction of JAM in fiscal 2014 to integrate these infrastructure and increase digital financial inclusion allowed the government to improve its focus on providing easy access to banking facilities and enhancing the ability to digitize transactions. Going forward, ubiquitous availability of the mobile internet, the rise of digital commerce, innovation in payments technology, such as through artificial intelligence ("**AI**"), blockchain, the

Internet of Things ("**IoT**"), real-time payments and the introduction of mobile point of sale ("**POS**") devices are further expected to boost the digital payments landscape.

Players in the digital payments landscape are also expected to continuously evaluate various technology options and come up with cost-effective solutions as well as multiple use cases in order to keep the two parties at the centre of the payments ecosystem – merchants and customers – engaged. According to CRISIL Research, the regulatory environment in India is expected to largely favor a nudge towards digital payments and incentivizing it.

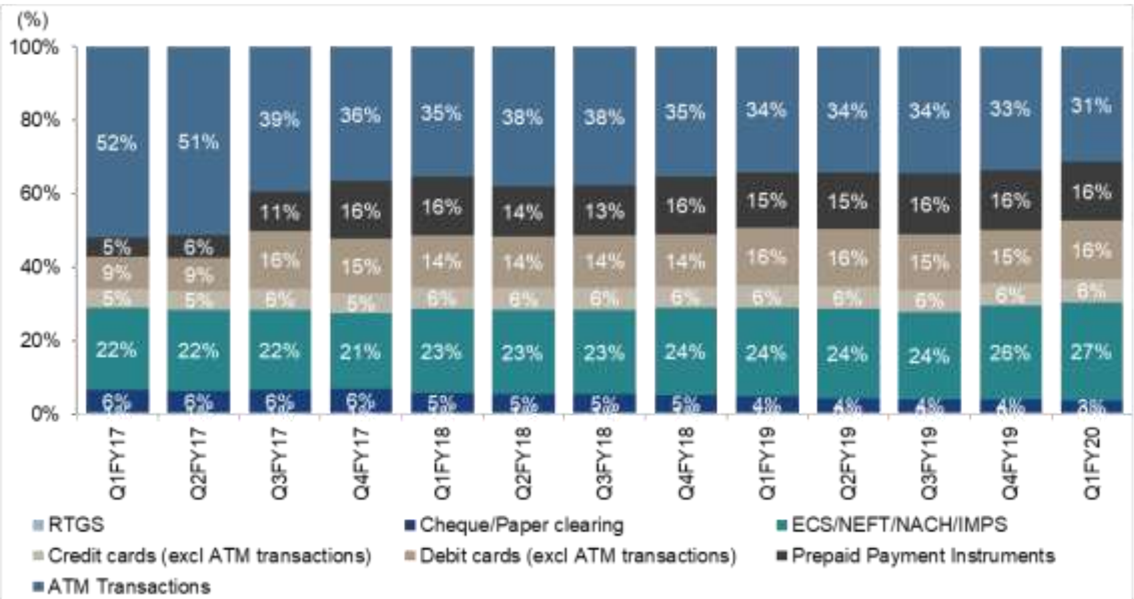
Increasing share of digital channels in domestic payment transactions

The share of different channels in domestic money transfer has changed significantly over the past five years. Banks, for example, are witnessing a change in customer behavior, with fewer customers visiting bank branches for transactions. This change in behavior has become more pronounced post-demonetization, with even the usage of ATMs reducing significantly. Preference has shifted from cost factors to convenience and ease of performing transactions, which helps in saving time spent in queues, not disturbing daily working hours and avoiding any potential monetary loss. The figure below depicts the year-on-year increase in the use of digital transactions and the resulting decrease in the use of non-digital transactions for domestic banking transactions from fiscal 2014 to fiscal 2020.



Note: Digital transactions include RTGS, but excludes interbank clearing, ECS, NEFT, IMPS, NACH, cards and prepaid instruments; Non-digital transactions include cheques/paper clearing and ATM transactions
Source: RBI, CRISIL Research

The figure below also depicts the significant increase in the use of credit cards, mobile banking and PPIs post-demonetization in volume terms.



Note:

1. *Above share includes data for both digital and non-digital transactions*

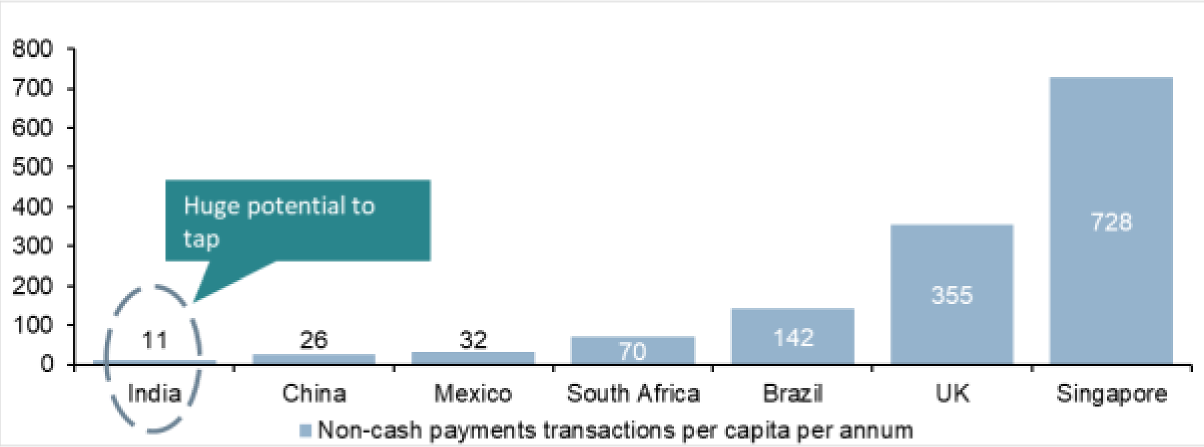
2. *Digital transactions include RTGS – excluding interbank clearing, ECS, NEFT, IMPS, NACH, cards and prepaid instruments; Non-digital transactions include cheques/paper clearing and ATM transactions.*

Source: RBI, CRISIL Research

Structural enablers for growth in the digital payments sector

Low penetration of per-capita digital payments transactions

According to a NITI Aayog report (January 2017), per capita non-cash payment transactions (including digital payments) in India are among the lowest compared with similar countries, as depicted in the figure below.



Source: NITI Aayog report (January 2017)

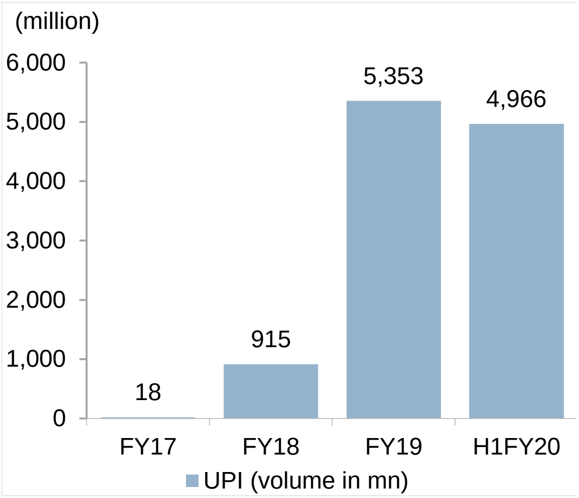
The government has taken multiple initiatives to give a fillip to digitalization in the country. This includes biometric identification of all Indian citizens through the Aadhaar programme, financial inclusion through 'Jan Dhan Yojana', launch of UPI, launch of Aadhaar-enabled payment systems and encouraging online tax filings.

Government impetus driving cashless transactions

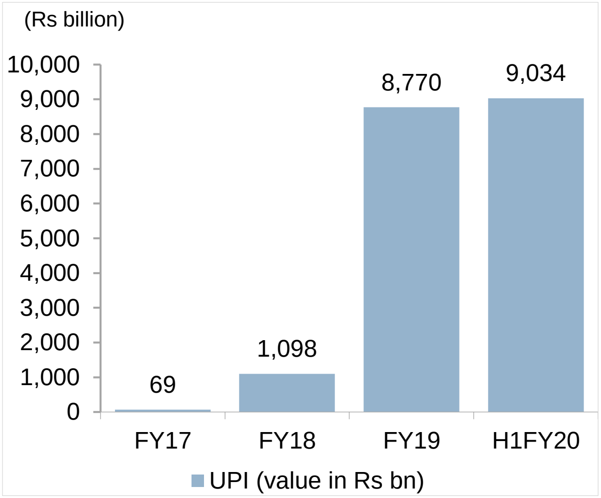
Bharat Bill Payment Service ("BBPS"): Bharat Bill Payment System is an ecosystem conceptualized by the Reserve Bank of India ("**RBI**") and managed by the National Payments Corporation of India ("**NPCI**"), which offers integrated, accessible and interoperable bill payment services to consumers across geographies with certainty, reliability and safety of transactions. This initiative not only helps to digitise cash-based bill payments but also gives standardized bill payment experience and standardized convenience fee for customers.

Unified Payments Interface ("UPI"): A crucial contributor to the Indian digital payments market was the introduction of India's real-time payments platform – UPI. UPI was introduced in 2016, by the NPCI and Indian Banks Association ("**IBA**"). This collaborative effort was focused on making India a cashless economy and driving digital payment inclusion. UPI is a payments system that facilitates instant fund transfer between two bank accounts on a mobile platform, without requiring any detail of the beneficiary's bank account. UPI, which is based on the immediate payment service platform ("**IMPS**"), allows a user to transfer money from a bank account to another bank account instantly, making it simpler from a customer perspective. It supports both Peer-to-Peer ("**P2P**") and Peer-to-Merchant ("**P2M**") financial transactions, as well as various other value-added non-financial transactions like real-time balance check and transaction history, to name a few. However, UPI is mostly used for low value transactions and, unlike credit cards, they do not offer any interest free credit period for payments made. The average value per transaction for UPI was approximately Rs. 1700.0 in fiscal 2019 compared to approximately Rs. 3,400 for credit cards during the same period. UPI volumes crossed the Rs. 5,000 million mark in fiscal 2019 and is expected to enjoy robust value growth according to CRISIL Research, as depicted in the figure below.

UPI volumes crossed 5 billion mark in FY19



Robust growth in UPI value growth (Rs. billion)



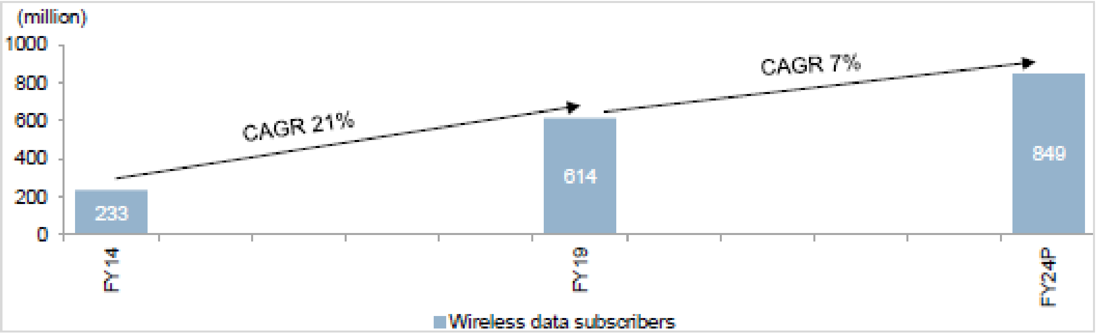
Source: NPCI, CRISIL Research

E-wallets: Digital prepaid wallet operators have gained widespread adoption in the recent times and have been able to build substantial consumer base. Starting with basic services like online recharge and bill payments, these firms provide convenience to its customers. With rapid development of multiple use cases for merchants and customers, e-wallet firms have targeted varying customer profiles. Prepaid instruments, including e-wallets, are required to do full KYC of customers by February 2020 with detailed verification procedures which could prove expensive for players. However, one of the major constraints for consumers in using an e-wallet currently is that even after completion of full KYC, it is not possible for customers to transfer money from one wallet to another restricting interoperability.

Point of Sale ("POS") penetration: POS devices are used to accept payments at a merchant location. These terminals are set up by acquirers at a merchant location, and may accept payment through cards or other means. As more cards have been issued, there has been a growth in the acceptance infrastructure as well. While the POS infrastructure in India has more than doubled over the past five years from 1.1 million in fiscal 2014 to 3.7 million in fiscal 2019, it remains weak in terms of availability. According to RBI Payment and Settlement System in India (Vision 2019-2021), acceptance infrastructure, particularly POS terminals, mobile POS and asset-light terminals, as a percentage of the total number of debit and credit cards is low. Hence there is a need to increase the penetration of acceptance infrastructure in the country. RBI also expects to have 5.0 million active POS by the end of 2021.With the rising presence of e-commerce, payment and merchant aggregators, such as InstaMojo and PayPal, are facilitating e-commerce merchants to process their payments from consumers via credit cards or bank transfers. These aggregators allow card holders to save their card details for future transactions which leads to fast and smooth payment experience.

Expansion of payment acceptance infrastructure

Higher mobile penetration, improved connectivity and faster data speed and cheapest data rates, supported by Aadhaar and bank account penetration have led India to shift from being a cash-dominated economy to a digital one. India has witnessed a drastic surge in internet users over the past few years with wireless data subscribers increasing from 233 million in fiscal 2014 to 614 million in fiscal 2019, registering a CAGR of 21%. The figure below depicts the rapid increase in wireless internet and data subscriber base in India and the expected growth by fiscal 2024.

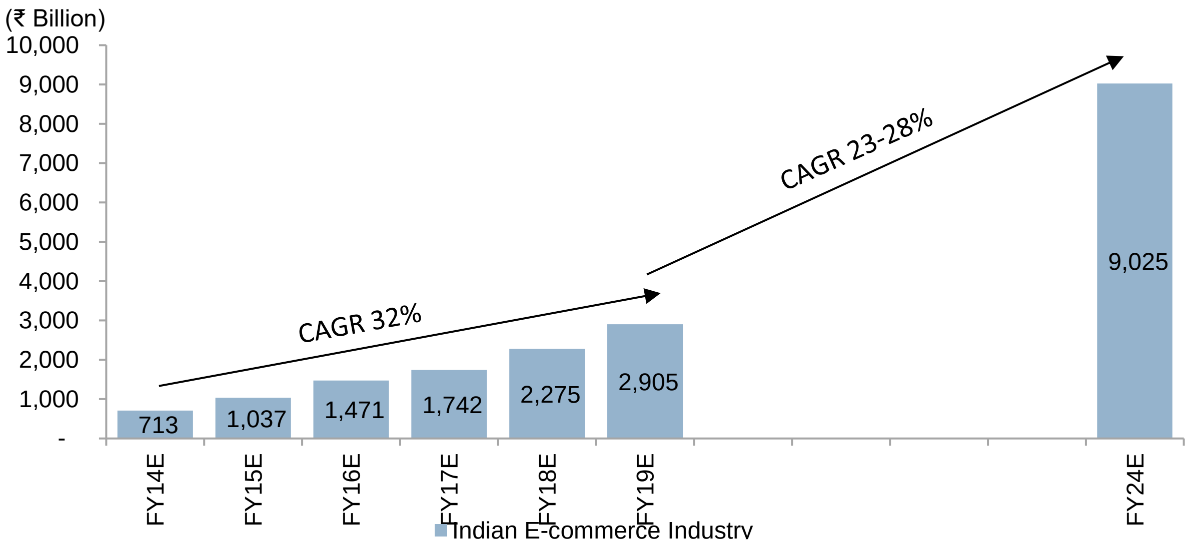


Note: E: Estimates, P: Projected
Source: TRAI, CRISIL Research

Credit cards and other digital payment services fuel the e-commerce business

The Indian e-commerce industry has managed to attract consumers and has grown nearly two times since fiscal 2016 on the back of rising internet penetration, increasing awareness of online shopping, and lucrative deals offered by well-established players and digital payment firms. E-commerce companies can primarily be classified into three main segments: online ticketing, where players offer ticketing services for events, movies, travel, among others; e-retail, where merchants offer goods or services through the Internet or electronic channels; and online deals, where websites or portals allow customers to purchase deals online for various products such as apparel, electronics, and hotels, among others.

As depicted in the figure below, the e-commerce industry in India is estimated to be Rs. 2,905.0 billion for fiscal 2019 and is expected to grow at 23.0% to 28.0% CAGR to reach Rs. 9,025.0 billion by fiscal 2024, according to CRISIL Research.



Note: E means Estimated; P means Projected; CAGR means Compound annual growth rate
Source: CRISIL Research

According to CRISIL Research, online ticketing continues to dominate the Indian e-commerce industry with a 51.0% share of the market, but online retail has increased to a 48.0% share and is expected to overtake the ticketing market going forward. Online deals account for a miniscule share of the industry due to their nascent stage in the Indian e-commerce market. The industry is expected to be driven by a sharp growth in e-retail (including online retail and the online marketplace) as players continue to offer customer-centric services and increase customer stickiness.

With rapid growth in the e-commerce industry, many technology companies are now capitalizing on growth by providing payments infrastructure. Payments are the most vital point to building e-commerce ecosystems. Service providers are in a fierce race to become the most widely accepted payment service across markets. Competitors include, technology giants, such as Amazon, Google and Apple, traditional institutions, such as banks and card companies, and a growing number of technology start-ups.

Credit cards remain an important aspect of continued economic growth. Credit cards and other electronic modes of payment, such as e-wallets and UPI, make payment functioning easier and play an important role in the cycle of increased consumption and production by offering merchants a guaranteed method of payment and providing convenience to consumers. Apart from offering cashbacks, reward points or discounts to customers on credit card spends, players are now also increasingly partnering with other players and offering co-branded credit cards to attract more customers.

According to CRISIL Research estimates, as of fiscal 2019, credit cards account for 30.0% to 35.0% of overall e-commerce payment value. This has increased over the years as e-commerce players look at ways to reduce cash-on-delivery proportions, which account for around 50.0% to 60.0% in terms of volume, by introducing card-on-delivery option for its customers. This forms a small proportion of overall card payments but with card-on-delivery options, customers can conveniently swipe their credit or debit cards when a product is delivered and avoid cash payments.

Unlike UPI, e-wallets or other digital modes of transactions which offer convenience and rewards, credit cards also offer interest-free credit to its cardholders and is accepted globally. Although e-wallets and debit card issuers have started providing equated monthly installment ("**EMI**") facilities to customers, these are without any credit-free period. All these additional factors, along with rapid innovations towards providing convenience to customers, are expected to drive credit card growth. Credit cards are also used for higher value transactions compared to other payment modes and has an average transaction amount of approximately Rs. 3,400.0. The figure below summarizes and compares the different payment options, including e-wallets, UPI, PPIs, debit cards and credit cards.

	E-wallets	**UPI**	**PPIs**	**Debit card**	**Credit card**
Description	E-wallets is a service that allows users to make payments for transactions made online	UPI is an instant real-time payment system facilitating inter-bank transactions.	PPIs are tied directly to value stored on such instruments paid by the holder	Debit cards are tied directly to individuals' bank account	Credit card provides a line of credit that an individual can access through the card
KYC requirement	Minimum KYC requirement up to Rs 10,000; Full KYC required for above Rs 10,000	Full KYC required	Minimum KYC requirement up to Rs 10,000; Full KYC required for above Rs 10,000	Full KYC required	Full KYC required
Limit	Load wallets with amount user is willing to spend	No need to load any amount as the transaction directly goes through the bank balance	Load instruments with amount user is willing to spend	No need to load any amount as the transaction directly goes through the bank balance	Amount gets deducted from the limit provided to the cardholder
Usage	Payments for online transactions	Payments for online transactions	Payments for online transactions, cash withdrawal at ATMs, Point of sale (POS) terminals	Payments for online transactions, cash withdrawal at ATMs, Point of sale (POS) terminals	Payments for online transactions, cash withdrawal at ATMs, Point of sale (POS) terminals

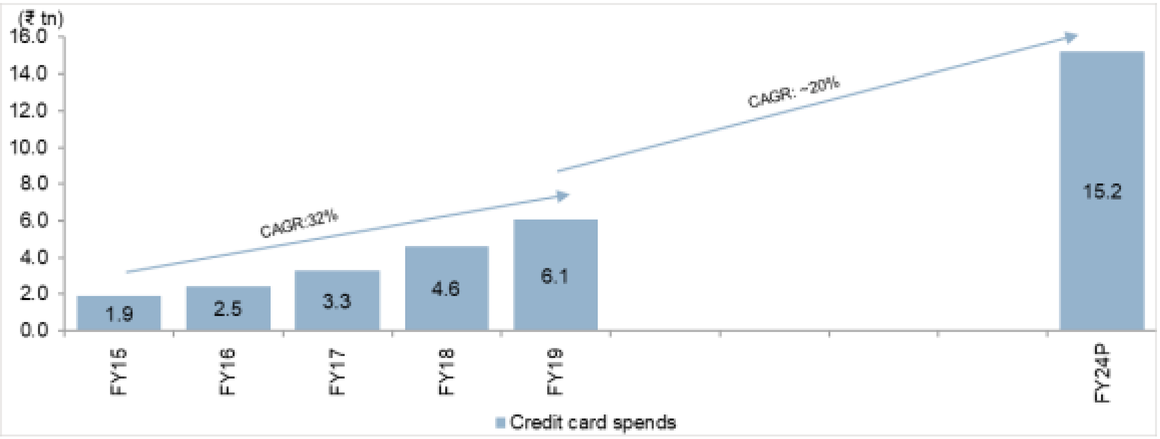
	E-wallets	UPI	PPIs	Debit card	Credit card
Average transaction amount*	~Rs 450	~Rs 1,700	~Rs 630	~Rs 1,300	~Rs 3,400
Credit	Credit through EMI facility provided in some cases but has no interest-free period	No credit facility provided	No credit facility provided	Credit through EMI facility provided in some cases but has no interest-free period	Credit facility provided with interest free period provided (up to 50 days)
Rewards	Discounts / cashback on transactions made	Discounts / cashback on transactions made	Discounts / cashback on transactions made	Discounts / reward points on amount spent through card	Discounts / cashback and reward points on amount spent
Transaction dispute management	Money is blocked / instantly deducted from customer account	Money is blocked / instantly deducted from customer account	Money is blocked / instantly deducted from customer account	Money is blocked / instantly deducted from customer account	Money is not blocked but is instantly deducted from customer credit limit

Note: Average transaction amount for credit and debit cards excludes ATM transactions;
Source: CRISIL Research

Overview of the Credit Card Industry

Credit card industry spends to grow 2.5 times in the next five years

Credit card spends have registered a robust growth, growing at a CAGR of 32.0% from fiscal 2015 to fiscal 2019 to reach Rs. 6.0 trillion as of fiscal 2019, and is expected to grow at a healthy rate to reach Rs. 15.0 trillion as of fiscal 2024, which is 2.5 times over fiscal 2019, according to CRISIL Research. This growth in overall credit card spends is depicted in the figure below.

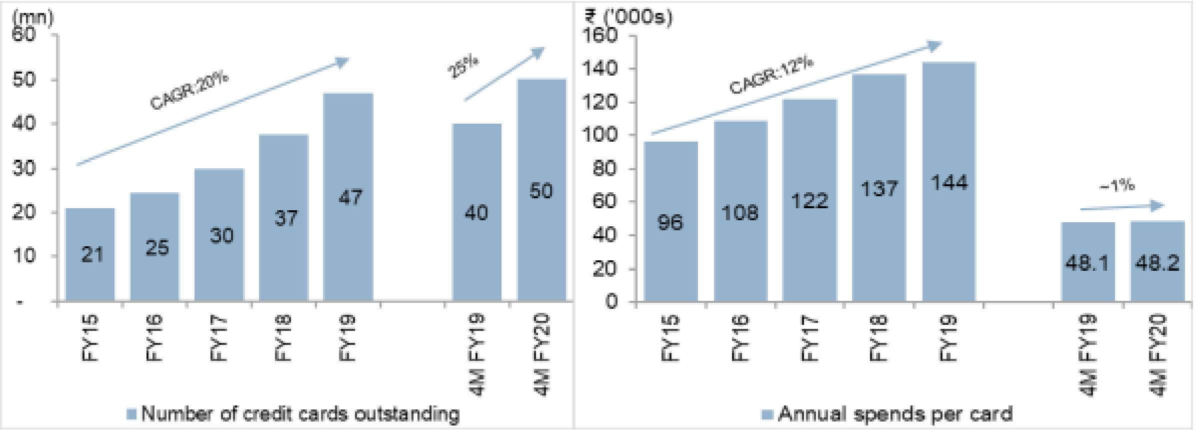


Source: RBI, CRISIL Research

Demonetization was one of the significant factors that led to faster growth in credit cards. Further, the government's emerging version of a cash-less society, focus on digitalization, developments in e-commerce, and the availability of POS infrastructure have significantly encouraged payments through credit cards.

Growth in credit card spends is volume led

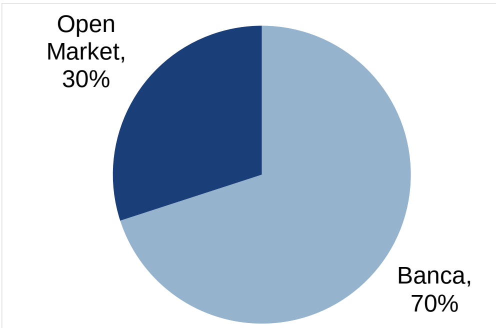
Growth in credit cards volume has sped up over the years, while average annual spending has grown at a moderate rate. As depicted in the figure below, the number of credit cards issued stands at 47.0 million in fiscal 2019, having grown at a CAGR of 20.0% over the last five years, and is expected to grow by 25.0% from fiscal 2019 to fiscal 2020, while annual average spends per card is expected to grow by approximately 1.0% from fiscal 2019 to fiscal 2020, according to CRISIL Research.



Source: RBI, CRISIL Research

Increasing acceptance of digital payments by Indian consumers and the rise of e-commerce businesses during this period, such as Flipkart and Amazon, gave a huge impetus to growth, with credit-card players providing promotional-offers and EMI financing options. On the supply side, banks' focus on cross-selling to their existing customers in the form of pre-approved offers has driven growth. Co-branded cards by way of partnerships with various businesses have also contributed to the growth of the credit cards market. The increased use of cards for purposes such as travel, shopping, lifestyle purchases, entertainment, healthcare, utility bill payments, etc., have increased the spend per card.

Credit card players use various distribution channels such as Banca (selling to existing bank customers) and the open market to acquire customers. Banca channels involve leveraging the bank's existing data base across asset as well as liability-related products and transactions for sourcing customers. With the availability of information about these existing customers with the bank, these customers are offered pre-approved offers. The open market channel involves sourcing customers from POS at various locations (such as organized retail stores, airports, and malls), tele-sales, direct applications through web-sites and co-branding partnerships between a bank and an associate company and issued in the name of both entities. CRISIL Research estimates that the open market channel accounts for 30.0% of overall sourcing as of fiscal 2019, as depicted in the figure below.

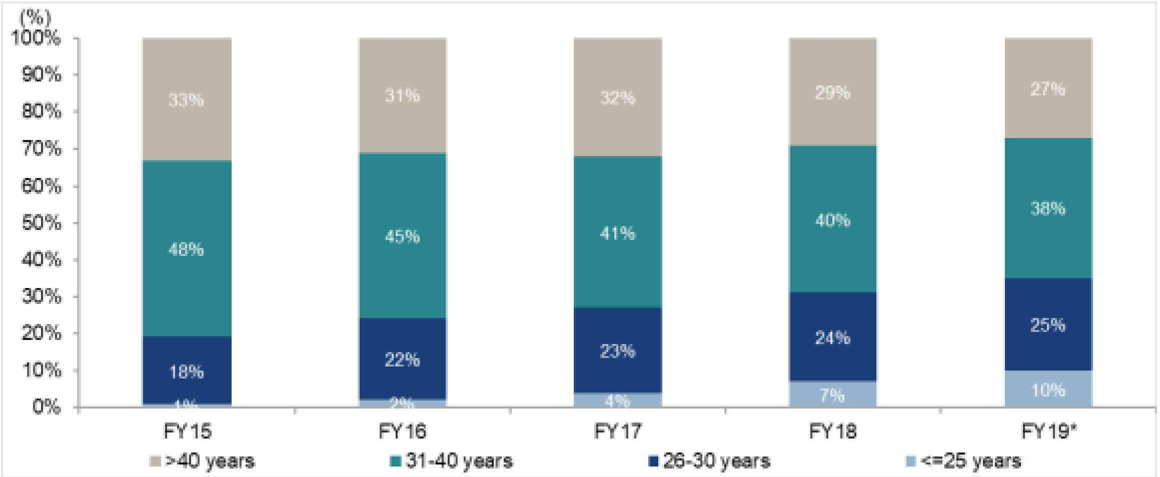


Source: Market interactions, company filings, CRISIL Research

Based on market interactions, issuers such as SBI Card, RBL and Citi Bank have a 40.0% to 50.0% market share of the open market channel while SBI Card is the leader in the open market card holder acquisitions in India due to its strong focus, highest share and scale via this channel of overall sourcing.

Increased originations among millennials in the last four years

The proportion of credit card originations among millennials (persons below 30 years of age) has increased over the last four years from 19.0% in fiscal 2015 to 35.0% in fiscal 2019, and the share of customers below 25 years of age has increased ten-fold from fiscal 2015 to fiscal 2019. The figure below depicts the breakdown of credit card originations by age group from fiscal 2015 to fiscal 2019.



Note: (*) - Fiscal 2019 share is based on first two quarters' data
Source: CIBIL, CRISIL Research

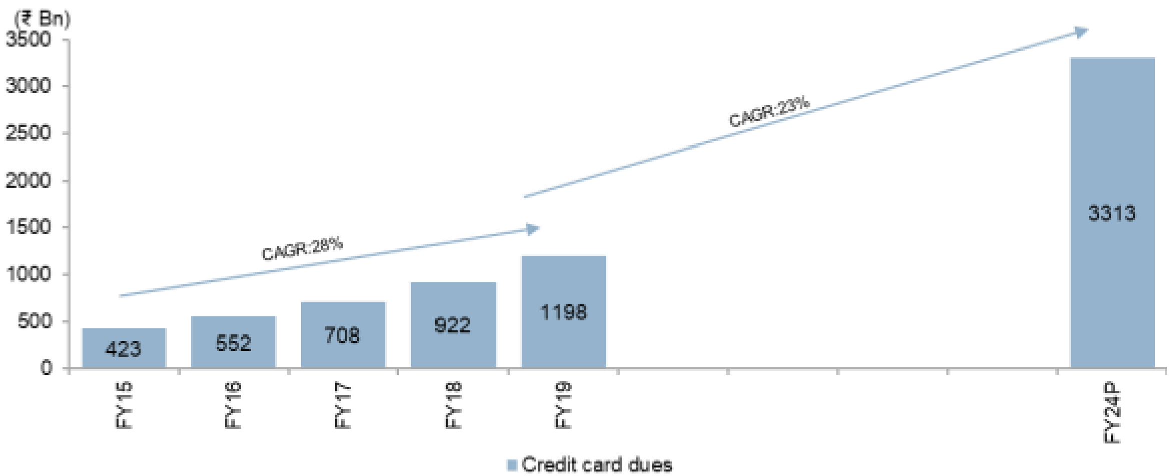
Faster adaptability of technology by the younger generation and a change in consumer mind-set from being debt-averse to increasing indebtedness has led to increasing originations among millennials. Strong growth in the e-commerce industry in the past five years, coupled with a tech-savvy younger generation and an increasing proportion of discretionary spends on leisure activities, such as entertaining and eating out, apparels, accessories and electronics, has increased credit-card spending by this age-group.

With increasing digitization and cost-control measures, the number of inquiries for credit card requests has increased at a much higher pace than the increase in originations. Due to this, the overall approval rate has reduced over the years. However, approval rate for customers over 40 years of age has remained close to 50.0% over the years.

Credit card dues outstanding to be driven by higher spending and increasing usage of EMI facility

Credit card dues accrue when customers prefer to reduce their lump-sum payment by converting it to EMI, whereby they pay the minimum amount due and roll-over or revolve their payment or take loans on their credit card. The increasing focus of banks on retail loans amidst a muted environment for corporate loans has led to higher growth in unsecured retail loans, including credit cards.

According to CRISIL Research, credit card dues are anticipated to grow at a CAGR of 23.0% to reach Rss 3,313.0 billion as of fiscal 2024. Going forward, credit card dues is expected to be approximately three times over the next five years ending fiscal 2024, supported by spends growth and increasing EMI-based payments using credit cards. The figure below depicts the year-on-year growth in credit card dues from fiscal 2015 to fiscal 2019 and the expected growth till 2024.



Source: RBI, CRISIL Research

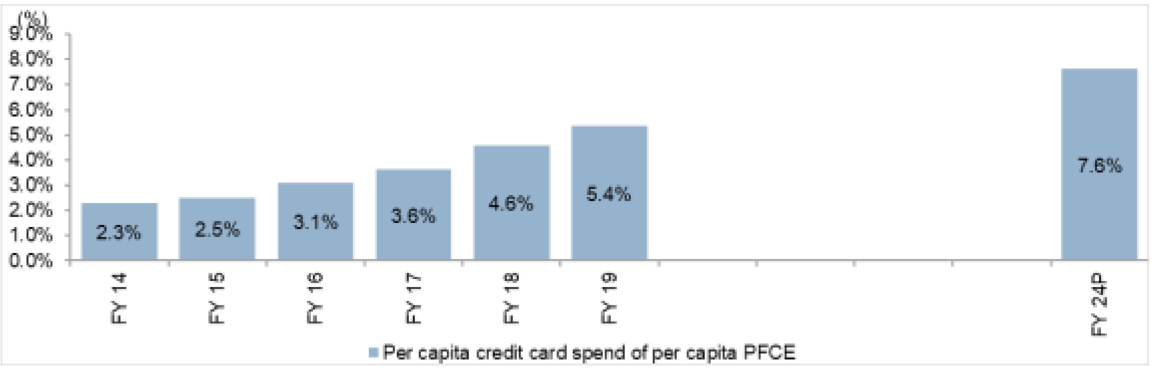
According to CRISIL Research, credit card dues as a proportion of overall spends is expected to remain stable at approximately 20.0% going forward, with 20.0% to 25.0% of credit card dues currently being converted to EMI. This proportion is expected to grow with promotional offers, such as discounts and cash-backs, offered on EMI-based payments in organized retail stores. Apart from this, no-cost EMI financing options in consumer durables by major credit-card players will also incentivize EMI-based payments. This will, to some extent, be offset by increased knowledge of customers about the high interest rate charged on credit card dues post interest-free period.

Repayment of credit card dues outstanding at the end of the credit period is an important task to avoid any penalties. Credit card issuers provide various modes of making payments to their customers. Some of the options used to pay credit card bills include debit cards, cash payment over the counter and cheque. Customers can also make payments through NEFT, IMPS, ATMs and drop boxes made available by their respective banks. However, with rising digitization, these processes are further simplified and bill payment has gotten convenient with internet banking, UPI, mobile application and auto debit facility provided by banks. The faster processing time through digital payment modes allows customers the benefit of resetting funds available to the sanctioned credit limit in a short time period.

Key growth drivers of the credit card industry

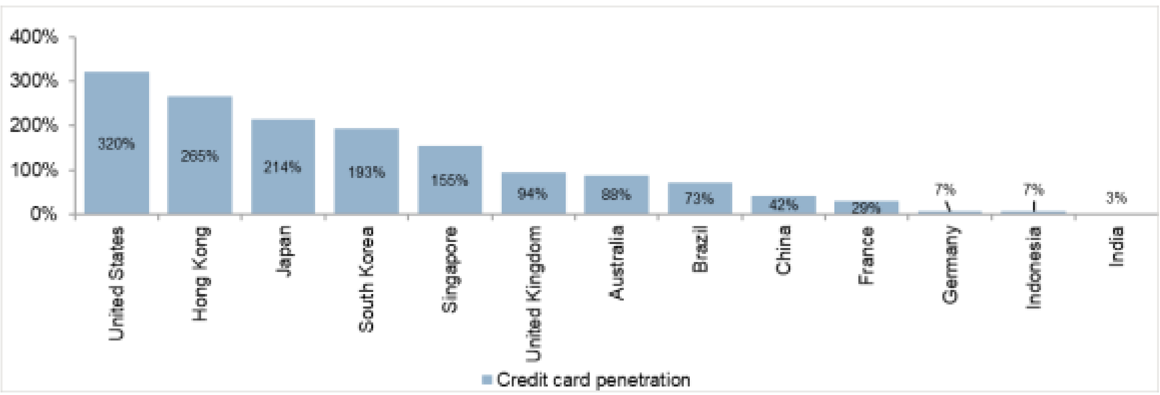
Headroom for growth given an under-penetrated credit card market

Credit card spending relative to PFCE has significantly increased in recent years. In absolute terms, per-capita PFCE was approximately Rs. 85,000.0 in fiscal 2019, of which only Rs. 4,500.0 comprises spending through credit cards. Credit card spending accounted for approximately 5.4% of PFCE in fiscal 2019, compared to approximately 2.3% in fiscal 2014. Going forward, according to CRISIL Research, credit cards spend is expected to grow at a much faster pace than PFCE, and per capital credit card spend as a percentage of per capita PFCE is expected to reach 7.6% by fiscal 2024 as depicted in the figure below.



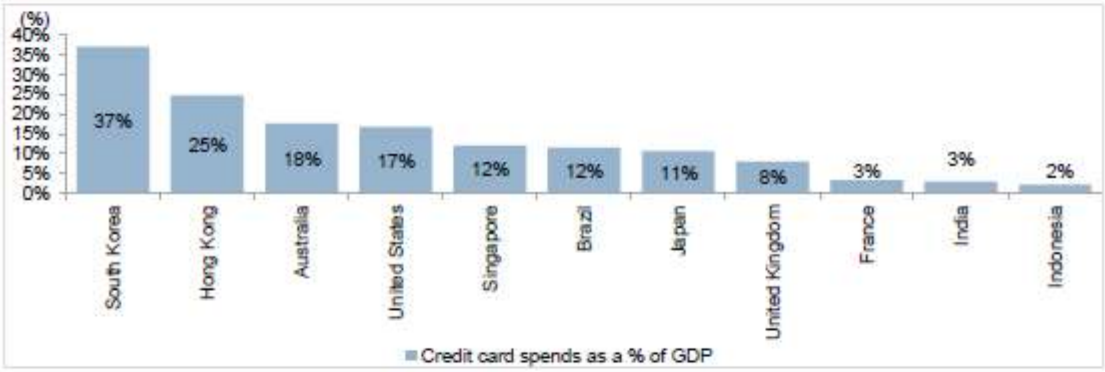
Note: PFCE is based on current prices
Source: RBI, CRISIL Research

As depicted in the figure below, traditionally, credit card penetration in India (i.e. average number of cards per 100 people) is relatively low in comparison with other countries.



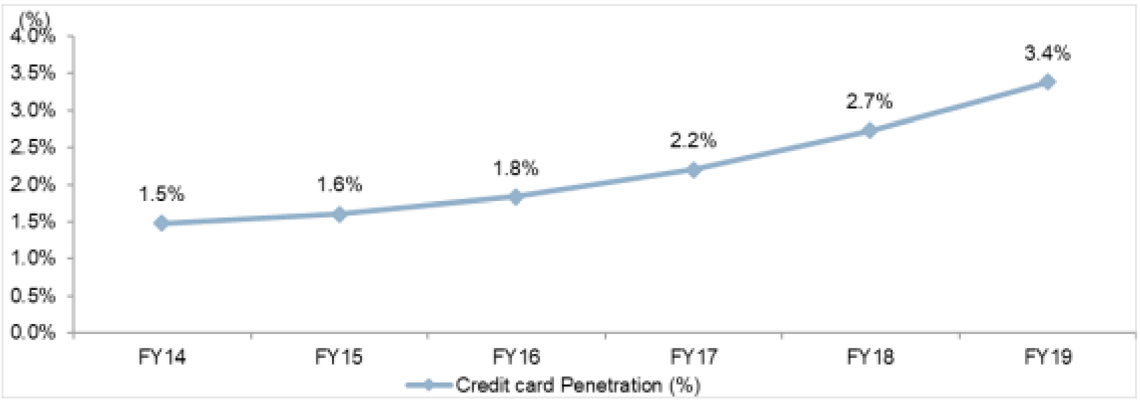
Note: Credit card penetration is average number of cards per 100 people, For Japan, credit card penetration is of 2016
Source: BIS (Bank for International Settlements), CRISIL Research

As depicted in the figure below, credit card spends as a percentage of GDP growth in calendar year 2017 is in line with credit card penetration in India.



Source: BIS (Bank for International Settlements), CRISIL Research

Demonetization was an inflection point for the credit card industry which led to high incremental growth in card issuances and thereby a rise in penetration. Demographic advantage, issuances of cards in smaller cities, tapping new-to-credit ("**NTC**") customers and strong investments in payment infrastructure will all aid the credit-card penetration going forward. The figure below depicts the year-on-year percentage increase in credit card penetration in India from fiscal 2014 to fiscal 2019.



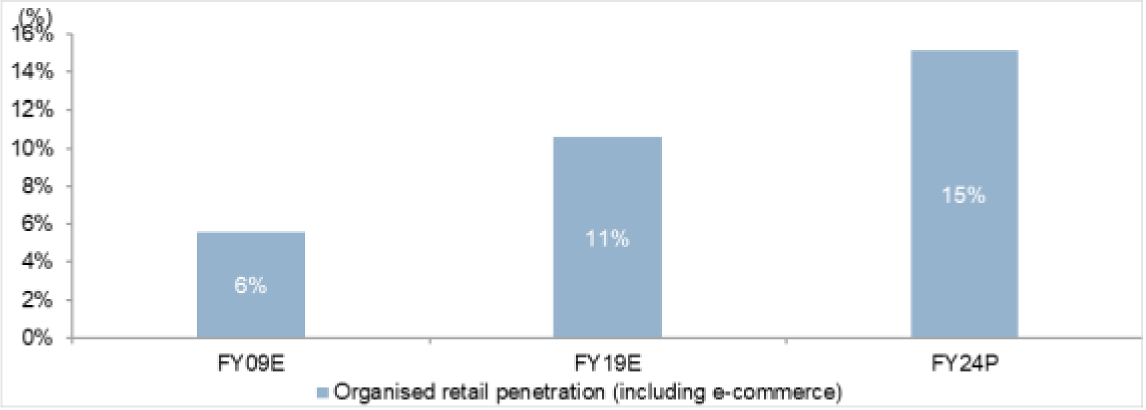
Note: Credit card penetration is average number of cards per 100 population
Source: CRISIL Research

Growth from NTC customers

NTC customers are defined as those who get their bureau record for the first time. With credit card issuers expanding in smaller cities and sourcing their existing debit-card, CASA or FD customers, NTC customers are expected to rise because of the low credit penetration in smaller cities. Apart from this, players are also creating awareness among these NTC customers about credit card usage and credit score. The number of NTC customer originations in credit cards has increased at a CAGR of 20.0% to reach approximately 3.0 million as of fiscal 2018 in the last three years. Going forward, according to CRISIL Research, this trend is expected to continue.

Organized retail penetration (including e-commerce) to increase

Organized retail penetration has grown from 5.6% in fiscal 2009 to 10.6% in fiscal 2019 on the back of a supportive macro-environment, a rise in discretionary spending, higher product penetration, a rise in e-commerce and favorable regulations. According to CRISIL Research, organized retail penetration is expected to grow to approximately 15.0% in fiscal 2024, as depicted in the figure below.

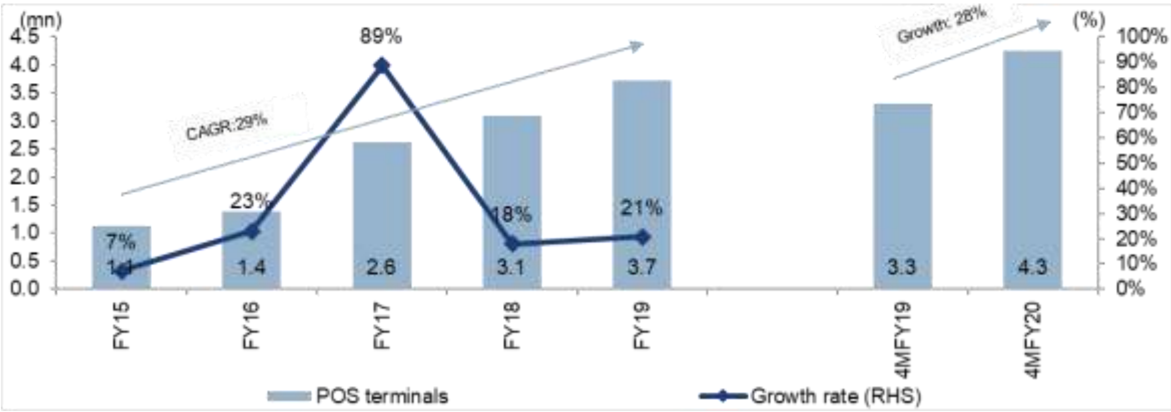


Source: CRISIL Research

Rising e-commerce penetration is led by aggressive marketing, such as by offering discounts or cashbacks, and the convenience factor of making purchases online. This has led to an increased usage of credit cards due to the ease in payment. The presence of financing options on both online and offline stores has also led to an increased use of cards, especially credit cards. Credit card issuers have also jumped onto the bandwagon by offering interest-free EMI options for consumer durable products, ranging from smartphones to household appliances. Apart from this, credit card issuers' co-branded partnerships with organized retail stores and e-commerce players also helps them peep through their customer base. Credit card issuers often give huge discounts on online platforms to increase brand-awareness about their credit cards. A combination of these factors leads to increased spending and higher credit card usage.

Continuous improvement in payment infrastructure

Payment infrastructure includes POS terminals and payment gateways which facilitate online payments. The number of POS terminals has grown at a CAGR of 29.0% from fiscal 2015 to reach 3.7 million terminals in fiscal 2019, as depicted in the figure below.

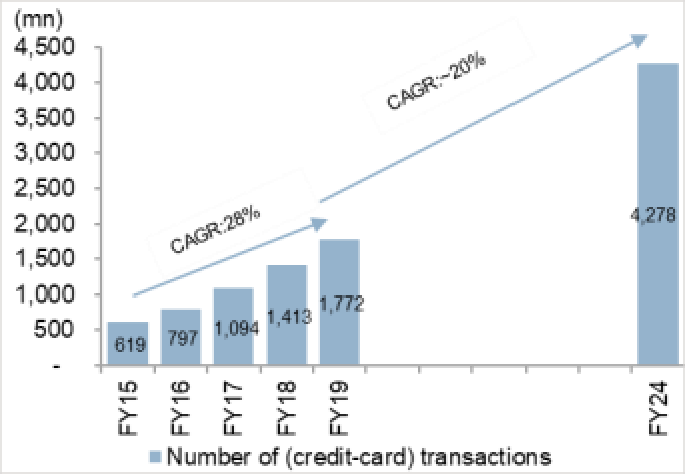


Note: Only includes bank machine statistics
Source: RBI, CRISIL Research

This growth has been largely driven by demonetization, 'Digital India' initiatives and rising organized retail penetration. POS machines also help merchants to create personalized, targeted advertising, and help with the running of loyalty programs to increase consumer loyalty and boost profits, while also making the shopping experience more efficient for the consumer.

The rise in e-commerce penetration has also led to online-payment facilitators (also called payment gateways), such as Razorpay, PayU, and CCAvenue, who integrate payment process on the platform of online merchants. MDR to online merchants charged is approximately 2.0% per transaction for payments through debit cards, credit cards, and net banking options, among others.

In terms of credit cards, this improvement in infrastructure has led to a CAGR of 28.0% in volume of transactions to reach 1.7 billion swipes in fiscal 2019, as depicted in the figure below.



Source: RBI, CRISIL Research

More transactions will lead to more fee-income revenue for credit card issuers as they get interbank charges per transaction through POS as well as payment gateways. On the other hand, according to CRISL Research, volume of transactions per card is expected to grow at a lower rate due to multiple credit card ownership by customers due to different credit cards having specific benefits.

Ability to cross sell to liability and asset side customers

According to CRISIL Research, as of fiscal 2019, debit card penetration in India is 65.0% which shows high potential for players to cross sell credit cards, given that credit card penetration is 3.0% as of fiscal 2019. Players can leverage their existing debit card customers by filtering them based on data analytics to understand their spending behavior and looking at proxies such as monthly average transaction amount, income and monthly average account balance, to assess the feasibility of offering them a credit card.

Players like ICICI, SBI Card, Kotak, and Axis also offer secured credit cards against fixed deposits ("**FD**"). Customers with lower salaries, relatively inferior credit scores, or no regular income can avail this option where they get a credit limit of 80.0% to 85.0% of the value of the FD. Banks with a strong retail asset customer base are cross selling, either directly or through their subsidiaries (such as SBI Card), by providing a pre-approved credit limit based on their transaction, credit and demographic data. With a rise in non-bank credit, especially in low-ticket size financing like consumer durables, smartphones, and gold, etc., and increasing credit penetration, players also cross sell to these customers who are filtered based on their credit bureau score and overall credit history.

Credit cards have additional value proposition over e-wallets and UPI

E-wallets and UPI have made it easier and convenient to make payments using their applications for various purposes on e-commerce websites and retail stores. Apart from this, consumers also use these options because of the rewards that are available, such as cash-backs or discounts.

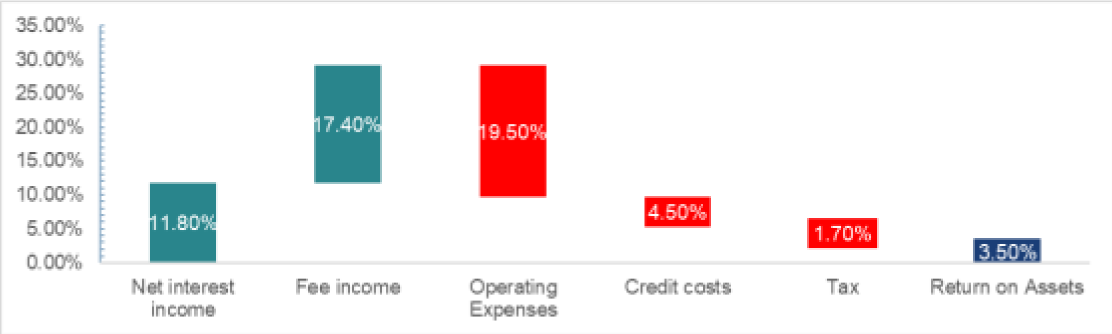
Credit cards give additional value by availing an interest-free line of credit for up to 50 days and international acceptance on top of the value propositions by e-wallets and UPI. Furthermore, credit card players have tied-up with other corporates and online marketplaces through co-branding to give rewards, such as cashback or discounts, based on customer usage.

Apart from this, credit cards also act as a facilitator to e-wallet companies as consumers often load money in the e-wallet using it. Some platforms allow credit card users to manage multiple credit cards and make credit card payments simpler through their app. The platform rewards customers for paying them on time which can be used to avail cashbacks and discounts from various vendors.

Profitability and Delinquency in the Credit Card Industry

Profitability to remain strong in credit cards

Return on assets (defined as profit after tax as a percentage of average assets) is expected to remain strong in the long term, but is expected to reduce marginally in the medium term. Credit card profitability currently stands at 3.5% as of fiscal 2019, as depicted in the figure below.



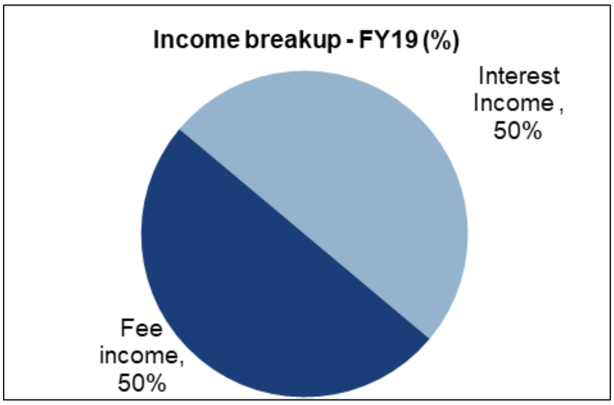
Note: ROA is for fiscal 2019, above parameters are based on percentage of total assets
Source: CRISIL Research

Credit card business revenue is a function of interest income and fee income. With the strong growth expected in credit card spending, the interchange fee, which comprises 50.0% of fee income, will rise proportionately. On the other hand, higher credit card usage will increase consumer awareness about the other costs pertaining to credit cards, such as interest on cash withdrawals from day one, late payments, and over limit charge, among others, and this may limit the increase in fee income. As a result, overall fee income is expected to rise only marginally.

On the other hand, operating expenses are expected to increase on account of a strong focus on market engagement programs but will be off-set by a reduction in sourcing, on-boarding and collection costs. Credit costs are expected to increase with increasing competition and players focusing on customers in smaller cities. Increasing analytical capabilities will help in better monitoring of portfolios, thereby limiting this increase in operating expenses.

Overall income to slightly increase over the next 2 to 3 years

The credit card business is based on two major revenue streams: fee income and interest income. The figure below depicts the breakdown between fee income and interest income as part of the revenue stream as of fiscal 2019.



Source: Market interactions, Company filings, CRISIL Research

Interest income refers to debt when customers wish to pay the minimum amount due and roll-over or revolve their payment, reduce their lump-sum payment by converting it to EMI or take loans on their credit card. The annual percentage rate ("**APR**") ranges from 36.0% to 48.0%. With the increasing usage of the EMI facility in credit cards offered at a lower interest rate (of up to 24.0%), interest income as a proportion of average assets is expected to remain stable going forward, even though credit card dues is expected to grow at a healthy rate.

Fee income, on the other hand, is majorly a function of interchange fee applicable on spends, membership fees, and other costs related to lending. Other fees include any event-based fee such as over limit fees, late payment fee, and cash withdrawal fees, among others. Fees earned on spends or interchange fees is a percentage of the merchant discount rate ("**MDR**") which goes to the issuing bank. This is usually approximately 75.0% to 80.0% of the overall MDR.

Going forward, according to CRISIL Research, credit card spending is expected to grow at a CAGR of 20.0% as of fiscal 2024. This will convert to interchange fees earned by the issuer thereby increasing fee income. On the other hand, customers have become cautious of the other charges incurred on them, from cash-withdrawal to over limit spending, and hence increased card usage is expected to reduce these charges going forward. Overall fee income is therefore expected to marginally increase.

Operating expenses to marginally rise

The credit card business carries high operating expenses compared to other retail segments. It is a function of market-engagement costs, comprising acquisition and marketing costs, rewards redemptions costs, other spend-based costs (including costs to payment networks, such as VISA and MasterCard, and payment gateways, among others) and other costs (including employee, sourcing, on-boarding, collection and recovery costs). Acquisition cost comprises costs for acquiring customers through various channels and marketing cost comprises costs for advertisements and discounts or cashbacks offered.

Major players, such as SBI Card and FBB/Central, ICICI and Amazon, are forming both online and offline co-branded partnerships to acquire customers who earn reward points and cashback by spending through these mediums. Furthermore, discounts and cash-back offers are expected to continue to increase the brand-awareness on both online platforms and organised retail stores. These will lead to a rise in market engagement costs.

Reward redemption costs are influenced by the volume of cards eligible for rewards, the percentage of customers using up the reward points and claiming the rewards, the nature of tie ups with the partners for redemption of rewards, and the effective cost per reward point, which is generally influenced by the card type and attributes. Going forward, reward costs are expected to remain stable.

Other costs, such as sourcing, on boarding and collections costs, are likely to reduce, given the process automation and digitisation initiatives such as mobile solutions to the field employees, e-PIN and digitised payments options, which will offset the operating expenses to an extent.

Credit costs to slightly rise due to focus on smaller geographies

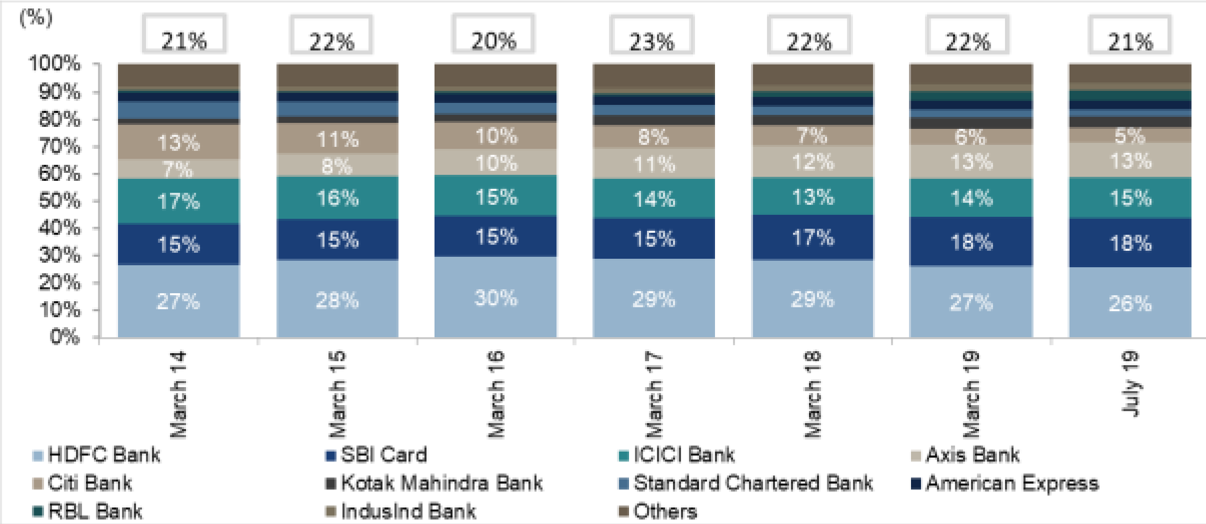
Delinquency (90 plus days) levels has reduced in the last couple of years. This can be attributed to increasing data availability and improved card payment habits as customers are becoming aware of the cost of carrying large balance. Credit bureaus have played an integral part in this with its widened customer-base and more data points available per customer with the passage of time. This has helped credit card players manage their customers better in recent years.

Competitive Scenario in the Credit Card Industry

Concentrated market – top 4 players account for two-thirds of credit card spends

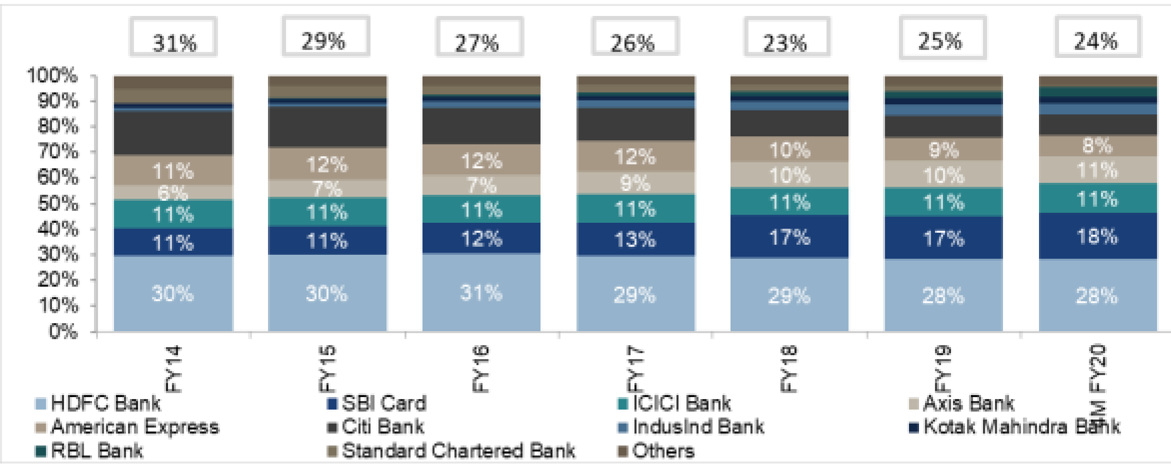
There are a total of 74 players offering credit cards in India, with the top three private banks (HDFC Bank, Axis Bank and ICICI Bank) and SBI Card, as the leading pure-play credit card issuer, dominating the credit card business with a total of approximately 72.0% market share by number of outstanding credit cards as of March 2019 and approximately 66.0% market share by credit card spends in fiscal year 2019.

HDFC Bank is the market leader and has maintained its market share in the number of outstanding credit cards at approximately 27.0% over the years, followed by SBI Card at 18.0%, ICICI Bank at 14.0% and Axis Bank at 13.0%. The market share of SBI Card in terms of total outstanding cards has continuously increased over the years from 15.0% in fiscal 2014 to 18.0% in fiscal 2019. The next six players, after the top four, together accounted for 22.0% of outstanding credit card in fiscal 2019. New players such as RBL Bank have been emerging strongly mainly on the back of co-branded cards. RBL Bank now accounts for approximately 4.0% of the credit card market. Foreign players such as Citi Bank has been losing market share over the years from 13.0% in fiscal 2014 to 5.0% in fiscal 2019 owing to aggressive growth from private banks and new players in the market. The figure below depicts the breakdown of market share in terms of total outstanding credit cards.



Note: Figures in box represents share of other players except top 5 players
Source: RBI, CRISIL Research

HDFC is the market leader in total credit card spends, but has lost market share in total credit card spends from 30.0% in fiscal 2014 to 28.0% in fiscal 2019. SBI Card and Axis Bank, on the other hand, have gained market share in total credit card spends over the years from 11.0% and 6.0% in fiscal 2014 to 18.0% and 11.0% in fiscal 2019, respectively. SBI Card and BOB Card are the only credit card issuers who are NBFCs while all other issuers are banks. These players have their sole focus on the credit card business which helps them to offer customized products to customers while enabling them to innovate and integrate various processes in the value chain. Players have leveraged these value propositions and diversified in terms of customer acquisition channels and income channels which has led to their growth. However, borrowing cost for such NBFCs are higher, unlike banks, due to a lack of availability of low cost funds like deposits. Foreign players, such as American Express, Citi Bank and Standard Chartered Bank, have lost market share in credit card spends over the years. According to CRISIL Research, top players, such as HDFC, SBI Card, ICICI and Axis Bank, are expected to continue to account for approximately 70.0% market share of overall credit card outstanding as of fiscal 2020. The figure below depicts the breakdown of market share in terms of total credit card spends.



Note: Figures in box represents share of other players except top 5 players
Source: RBI, CRISIL Research

SBI Card has the highest market share in terms of incremental cards in force across different periods

SBI Card has the highest market share in terms of incremental cards in force across different time periods with 45.0% market share in the last one month (1M), 27.0% in the past six months (6M) and approximately 23.0% in the past 12 months (12M), 24 months (24M) and 36 months (36M) from July 2019. SBI Card has been able to continuously gain market share in terms of incremental cards in force in the industry over the years. This is followed by ICICI Bank which grew at a similar pace to that of SBI Card. RBL Bank, Kotak Mahindra Bank and

Standard Chartered Bank saw a decline in the number of cards in force as of July 2019 compared to June 2019 and hence have shown a negative share of 8.0%, 11.0% and 3.0% respectively. American Express and IndusInd Bank both account for approximately 3.0% of the market. The table below shows the player-wise market share in terms of cards in force from August 2016 to July 2019.

Share in cards in force	1M	3M	6M	12M	24M	36M
HDFC Bank	30%	18%	12%	16%	20%	21%
SBI Card	45%	24%	27%	24%	23%	22%
ICICI Bank	44%	29%	24%	21%	17%	15%
Axis Bank	19%	13%	16%	16%	15%	15%
Citi Bank	2%	1%	0%	1%	1%	1%
Kotak Mahindra Bank	-11%	1%	3%	4%	5%	5%
RBL Bank	-8%	7%	9%	9%	9%	7%
American Express	4%	3%	3%	3%	3%	3%
Standard Chartered Bank	-3%	0%	-1%	0%	1%	1%
IndusInd Bank	4%	4%	3%	3%	3%	3%

Note:

1. *1M = cards in force in 1 month from June 2019 to July 2019; 3M = cards in force between May 2019 to July 2019; 6M = cards in force between February 2019 to July 2019; 12M = cards in force between August 2018 to July 2019; 24M = cards in force between August 2017 to July 2019; 36M = cards in force between August 2016 to July 2019*
2. *Market share for 1M cards adds to over 100% as market share in terms of number of outstanding cards has decreased for players which are not listed (as they are not in top 10*
3. *Market share is calculated as new cards added during respective time period as a proportion of total new cards added in the industry*
4. *Negative market share indicates decrease in outstanding cards.*

Source: RBI, CRSIL Research

Peer comparison

The table below summarizes and compares the operating parameters of key players in the credit card industry.

	FY14	FY15	FY16	FY17	FY18	FY19	Market share as of FY19	CAGR growth
Number of credit cards in force (in million)								
HDFC Bank	5.1	6.0	7.3	8.5	10.7	12.5	27%	19%
SBI Card	2.9	3.2	3.6	4.6	6.3	8.3	18%	24%
ICICI Bank	3.2	3.3	3.7	4.3	5.0	6.6	14%	16%
Axis Bank	1.4	1.7	2.4	3.3	4.5	6.0	13%	34%
Citi Bank	2.4	2.4	2.4	2.5	2.7	2.7	6%	2%
Number of transactions (in million)								
HDFC Bank	161	198	253	333	405	486	27%	25%
SBI Card	65	78	110	155	212	280	16%	34%
ICICI Bank	72	91	109	150	189	241	14%	27%
Axis Bank	27	41	59	88	128	168	9%	44%
Citi Bank	96	112	131	173	219	239	13%	20%
Total spend (Rs million)								

	FY14	FY15	FY16	FY17	FY18	FY19	Market share as of FY19	CAGR growth
HDFC Bank	4,57,408	5,77,599	7,49,981	9,74,749	13,24,039	17,04,208	28%	30%
SBI Card	1,64,928	2,12,845	2,93,324	4,38,545	7,70,232	10,38,353	17%	44%
ICICI Bank	1,72036	2,15,646	2,68,101	3,62,055	5,15,331	6,73,006	11%	31%
Axis Bank	88,487	1,36,023	1,83,862	2,87,305	4,43,288	6,20,827	10%	48%
Citi Bank	2,67,476	3,08,629	3,55,839	4,25,583	4,88,652	5,32,185	9%	15%
Average spend per transaction								
HDFC Bank	2,847	2,918	2,964	2,929	3,273	3,504	-	4%
SBI Card	2,520	2,726	2,669	2,835	3,635	3,713	-	8%
ICICI Bank	2,376	2,380	2,454	2,409	2,724	2,795	-	3%
Axis Bank	3,243	3,350	3,098	3,257	3,453	3,695	-	3%
Citi Bank	2,785	2,764	2,716	2,458	2,236	2,227	-	-4%
Average spend per card in force (Rs)								
HDFC Bank	84,252	1,03,964	1,14,485	1,19,356	1,35,181	1,44,770	-	11%
SBI Card	60,458	71,547	86,011	1,07,737	1,40,975	1,44,813	-	19%
ICICI Bank	56,543	65,685	77,555	90,611	1,12,042	1,17,203	-	16%
Axis Bank	72,304	88,227	90,193	1,00,167	1,12,877	1,21,220	-	11%
Citi Bank	1,11,642	1,28,731	1,49,410	1,74,225	1,87,045	1,99,881	-	12%
Average outstanding per card in force (Rs)								
HDFC Bank	23,853	27,044	28,180	30,428	33,781	35,909	-	9%
SBI Card	15,311	18,125	20,431	22,490	23,281	22,398	-	8%
ICICI Bank	10,377	12,103	14,989	17,511	18,563	18,514	-	12%
Axis Bank	12,713	12,889	17,218	20,078	18,408	20,622	-	10%
Citi Bank	NA	NA	NA	NA	NA	NA	-	
Number of POS terminals								
HDFC Bank	2,15,524	2,44,991	2,83,274	4,29,749	4,03,567	4,90,180	13%	18%
SBI Card	NA	NA	NA	NA	NA	NA	-	
ICICI Bank	2,93,166	2,21,663	2,00,759	3,06,593	3,25,358	3,91,625	11%	6%
Axis Bank	2,48,482	2,48,786	2,63,951	4,33,034	5,02,226	5,07,409	14%	15%
Citi Bank	17,844	20,238	23,676	28,261	34,732	34,744	1%	14%

Source: RBI, Company fillings, CRISIL Research

Types of cards offered

Personal cards: Credit card issuers mainly cater to two categories of customers – personal customers and corporate customers. Each category has different features and benefits. Banks and financial institutions offer a variety of cards to personal customers with different value propositions such as cashbacks, discounts or exclusive access to select facilities. The table below compares the types of cards, fees and rewards structure of key players in the industry. Players charge annual credit card fees depending on the host of benefits and services provided on the card. Some players offer a zero annual fee on credit cards in order to increase sales volume attracting new-to-credit card ("**NTCC**") customers in particular. Players such as SBI Card typically charge their cardholders an annual credit card fee as it stimulates more frequent use of their credit cards. Players also offer premium credit cards to their customers with offers and benefits from airline, hotel credits, VIP lounge access, premium gifts, concierge services and a wide range of other lifestyle, entertainment and shopping benefits. The proportion of premium credit cards offered (as a percentage of the total number of credit cards offered) by players is high at approximately 40.0%. However, according to CRISIL Research estimates and based on market interactions, the proportion of premium credit cards in total credit card customer base is only approximately 15.0% for the industry.

	SBI Card	HDFC Bank	ICICI Bank	Axis Bank	RBL Bank	IndusInd Bank
Total number of cards offered	46	20	33	21	30	23
% of premium cards offered*	~40%	~20%	~45%	~25%	~25%	~70%
Range of fees for paid cards	500-5,000	500-10,000	200-10,000	250-10,000	500-5,000	250-25,000

*Note: * Premium cards are classified as cards with joining fee of more than Rs 1,500; Proportion of premium cards is calculated based on total cards offered by the player as per disclosures on the website; Data excludes corporate credit cards*
Source: Company website, CRISIL Research

Corporate card: Corporate credit cards are designed for specific business requirements and are best suited for specific needs. These cards are mainly sourced through direct tie-ups with corporates or private companies and they offer real time data and faster reconciliation to its customers. According to CRISIL Research estimates, the proportion of corporate cards, both in terms of volume and value, stands at approximately 10.0% to 15.0%. Players offer various services in terms of travel and expense management (T&E) for large companies, Travel Management Company (TMC) credit card for bulk purchases and other solutions for B2B payments. In corporate card spends, Travel Management Company accounts for most of the proportion compared to other expenses like purchases, vendor payments or spending by employees.

Widening the net with co-branding credit card partnerships

With an increasing acceptance of digital payments combined with a rising degree of convenience available to customers today, players are striving to gain a fair share of consumers' wallets. Co-branded cards thus act as an important and differentiated product that offers additional value to customers. Co-branded cards refer to credit cards issued by players in conjunction with partners, which are usually consumer-facing entities with strong and loyal customer bases. The features of co-branded credit cards are designed to address specific needs of customers, thus increasing customer loyalty and further enhancing customer experience. Customers earn high reward points along with special offers and promotions for each transaction at partner merchants. The figure below summarizes the number of co-branded partnerships currently in the market.

	Number of co-branded partners	Travel	Shopping / Entertainment	Payments	Lending	Healthcare	Others
SBI Card	18	7	3	-	-	1	7
ICICI Bank	12	8	1	-	-	-	3
RBL Bank*	8	1	1	-	2	1	4
HDFC Bank	6	3	1	-	1	-	1
Axis Bank	4	2	1	1	-	-	-
Citi bank	3	1	1	1	-	-	-
Amex	1	1	-	-	-	-	-
IndusInd Bank	1	1	-	-	-	-	-

*Note: * RBL has same co-brand offering different card under travel and other category*
Source: Company website, CRISIL Research

SBI Card has 18 co-branded partnerships, the highest in the industry compared to other players, followed by ICICI Bank at 12 and RBL Bank at 8. In the travel and fuel category, SBI Card and ICICI Bank both have 8 co-branded partnerships. Apart from partnerships with airline companies, they also have partnerships with metros and online hotel booking platforms. SBI Card is the only player who has a tie up with IRCTC which provides offers on railway ticket booking.

In the shopping and entertainment category, with increasing spends on e-commerce platforms, players such as SBI Card, ICICI, HDFC and Axis Bank provide cashbacks or instant discounts in partnership with Amazon, Snapdeal and Flipkart. SBI Card and Citi Bank also offer rewards and discounts to customers for shopping on partner stores such as Central, FBB or First Citizen.

Credit card issuers have currently enhanced their focus on segments such as travel and e-commerce and have provided tailored service offerings for customers in partnership with various brands. SBI Card has also tied up with Apollo Hospitals in the healthcare segment. SBI Card is the only credit card company to offer a co-brand credit card specifically targeted at doctors, which offers specialized medical professional liability insurance to cardholders. Apart from this, SBI Card has also tied up with Apollo Hospitals in the healthcare segment.

OUR BUSINESS

Some of the information contained in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section titled "Forward-Looking Statements" on page 18 of this Draft Red Herring Prospectus for a discussion of the risks and uncertainties related to those statements and also the section titled "Risk Factors" for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results of operations may differ materially from those expressed in or implied by these forward-looking statements.

The industry related information contained in this section is derived from the (i) publicly available data published by the RBI, and (ii) the CRISIL Report, which we commissioned for the purposes of confirming our understanding of the industry in connection with the Offer. Neither we, nor any other person connected with the Offer, including the BRLMs, has independently verified the information derived from the RBI or the CRISIL Report.

We have included various operational and financial performance indicators in this Draft Red Herring Prospectus, some of which may not be derived from our financial statements or otherwise subjected to an examination, audit or review by our auditors or any other expert. The manner in which some of the operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other credit card companies in India and other jurisdictions.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. Unless otherwise stated, the financial information in this section is derived from our financial statements as of and for the six months ended September 30, 2019 and fiscals 2019, 2018 and 2017.

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in "Risk Factors", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and "Financial Information" on pages 28, 99, 324 and 203, respectively.

Overview

We are the second-largest credit card issuer in India, with a 17.6% and 18.0% market share of the Indian credit card market in terms of the number of credit cards outstanding as of March 31, 2019 and September 30, 2019, respectively, and a 17.1% and 17.9% market share of the Indian credit card market in terms of total credit card spends in fiscal 2019 and in the six months ended September 30, 2019, respectively, according to the RBI. We offer an extensive credit card portfolio to individual cardholders and corporate clients which includes lifestyle, rewards, travel and fuel, shopping, banking partnership cards and corporate cards covering all major cardholder segments in terms of income profiles and lifestyles.

We are a subsidiary of SBI, India's largest commercial bank in terms of deposits, advances and number of branches as of September 30, 2019, according to the RBI. We started our operations in 1998, and since then SBI's parentage and highly trusted brand have allowed us to quickly establish a reputation of trust, reliability and transparency with our cardholders. According to the RBI, we have grown our business faster than the Indian credit card market over the past three years both in terms of numbers of credit cards outstanding and amounts of credit card spends, and we believe we have achieved this by leveraging our strengths and capitalizing on India's favorable economic and demographic changes, including its strong macroeconomic performance, rising affluence, increasing consumer demand, rapid urbanization and the growth of e-commerce platforms. From March 31, 2017 to March 31, 2019 our total credit card spends grew at a 54.2% CAGR (as compared to a 35.6% CAGR for the overall credit card industry, according to the RBI) and the number of our credit cards outstanding grew at a 34.5% CAGR (as compared to a 25.6% CAGR for the overall credit card industry, according to the RBI).

We have a broad credit card portfolio that includes SBI Card-branded credit cards as well as co-branded credit cards that bear both the SBI Card brand and our co-brand partners' brands. We offer four primary SBI Card-branded credit cards: SimplySave, SimplyClick, Prime and Elite, each catering to a varying set of cardholder needs. We are also the largest co-brand credit card issuer in India according to the CRISIL Report, and we have partnerships with several major players in the travel, fuel, fashion, healthcare and mobility industries, including Air India, Apollo Hospitals, BPCL, Etihad Guest, Fbb, IRCTC, OLA Money and Yatra, among others. Our credit cards portfolio is tailored to meet a diverse range of cardholder needs across the entire spectrum of our cardholders' income profiles and lifestyles, from the "premium" cardholder category to the "affluent", "mass affluent", "mass" and "new to credit" categories. We issue our credit cards in partnership with the Visa, MasterCard and RuPay payment networks, and we are continuously looking to expand our payment network partnerships to broaden the reach and functionality of our credit card offerings.

We have a diversified customer acquisition network that enables us to engage prospective customers across multiple channels. We deploy a sales force of 33,086 outsourced sales personnel as of September 30, 2019 operating out of 133 Indian cities and which engages prospective customers through multiple channels, including physical points of sale in bank branches, retail stores, malls, fuel stations, railway stations, airports, corporate parks and offices, as well as through tele-sales, online channels, email, SMS marketing and mobile applications. We are the leading player in open market customer acquisition in India according to the CRISIL Report. We had a presence in 3,009 open market points of sale across India as of September 30, 2019. In addition, our partnership with SBI provides us with access to SBI's extensive network of 22,007 branches across India, which enables us to market our credit cards to SBI's vast customer base of 436.4 million customers as of March 31, 2019. Our extensive physical customer acquisition network is complemented by our digital sales and marketing capabilities which include our website, mobile application and online, email and SMS marketing platforms.

Our business is technology-driven and underpinned by our data analytics capabilities, which cut across all aspects of our operations. Our core technology systems are scalable, modern and sophisticated, with considerable capacity to support our future growth. We possess a large database of cardholder demographic and socio-economic data (such as our cardholders' purchase patterns, behaviors and payment histories) derived from the numerous transactions carried out by millions of cardholders each year, which we analyze to generate underwriting scorecards, proactively mitigate risks, and reduce losses and delinquencies. We also employ our data analytics capabilities to more effectively market our credit cards to potential customers and to develop new product offerings. Our technology systems also leverage artificial intelligence and process automation technologies to automate routine activities, such as customer service and credit analysis, which have enhanced our operating efficiencies. We believe our focus on technology and data analytics is one of our key competitive advantages.

We have a diversified revenue model whereby we generate both non-interest income (primarily comprised of fee-based income such as interchange fees, late fees and annual fees, among others) as well as interest income on our credit card receivables. The share of our revenue from operations that we derive from non-interest income has steadily increased over the past three fiscal years, from 43.6% in fiscal 2017 to 48.9% in fiscal 2019. We believe this has made our capital structure more efficient and provides us with a relatively stable revenue composition that is less susceptible to market fluctuations, such as interest rate volatility.

We have established a proven track record of consistently generating profits over the past three fiscal years. Our total income increased from ₹34,710.38 million in fiscal 2017 to ₹72,868.34 million in fiscal 2019 at a CAGR of 44.9% and our revenues from operations have increased from ₹33,462.03 million in fiscal 2017 to ₹69,991.11 million in fiscal 2019 at a CAGR of 44.6%. Our net profit increased from ₹3,728.59 million in fiscal 2017 to ₹8,627.19 million in fiscal 2019 at a CAGR of 52.1%. Our ROAE has remained stable at 28.5% in fiscal 2017 and 28.4% in fiscal 2019, while our ROAA increased from 4.0% in fiscal 2017 to 4.8% in fiscal 2019.

Our Competitive Strengths

We are one of the leading credit card issuers in India, which is one of the fastest growing economies in the world with an expanding and under-penetrated credit card market. We believe the following competitive strengths will enable us to capitalize on the future growth in India's credit card market.

Second largest credit card issuer in India with deep industry expertise and a demonstrated track record of growth and profitability

According to RBI, we are the second-largest credit card issuer in India both in terms of numbers of credit cards outstanding and amounts of credit card spends, with 9.46 million credit cards outstanding as of September 30, 2019 and ₹1,032.65 billion in total of credit card spends in fiscal 2019. We operate a nationwide business with a substantial cardholder base spanning each of India's eight largest metropolitan areas, India's tier II and tier III cities as well as its rural areas. We believe that our position as a large-scale, leading market player results in economies of scale that provide us with significant operating efficiencies and also help to diversify some of our risks, such as regional or geographical risks.

We are also the largest pure-play credit card issuer in India according to the CRISIL Report, and we have deep expertise in India's credit card market as a result of our more than 20 years' operating history. Our ability to commit almost exclusively to our core credit cards business strengthens our market expertise, focuses our management's attention and improves our customer relationships.

The scale of our operations coupled with our focus on our core business and deep industry expertise have in part allowed us to grow our business while delivering consistent profits over the past three years. From March 31, 2017 to March 31, 2019, our total credit card spends grew at a 54.2% CAGR (as compared to a 35.6% CAGR for the Indian credit card industry, according to the RBI) and the number of our credit cards outstanding grew at a 34.5% CAGR (as compared to a 25.6% CAGR for the Indian credit card industry, according to the RBI). During that same period, our revenues from operations increased from ₹33,462.03 million in fiscal 2017 to ₹69,991.11 million in fiscal 2019 at a CAGR of 44.6%, while our net profit increased from ₹3,728.59 million in fiscal 2017 to 8,627.19 million in fiscal 2019 at a CAGR of 52.1%.

Our revenue model generates both non-interest income as well as interest income on our credit card receivables, with the share of our revenue from operations that we derive from non-interest income having steadily increased over the past three fiscal years, from 43.6% in fiscal 2017 to 48.9% in fiscal 2019. We believe this has made our capital structure more efficient and provides us with a relatively stable revenue composition that is less susceptible to market fluctuations, such as interest rate volatility.

Diversified customer acquisition capabilities

We have a diversified customer acquisition network that allows us to engage prospective customers across multiple platforms, which we believe is a key strength and competitive advantage for us.

According to the CRISIL Report, we are the leading player in open market customer acquisitions in India. We deploy a sales force of 33,086 outsourced sales personnel as of September 30, 2019 operating out of 133 Indian cities and which engages prospective customers through multiple channels, including physical points of sale, tele-sales and online. When a point of sale is not directly managed by us, we work with our 11 non-bank co-brand partners and seven co-brand bank partners using their distribution network (including our co-brand partners' retail outlets), communication channels and customer interactions to market our credit card products to their existing customers. Collectively with our co-brand partners, we were present in 3,009 open market physical points of sale in India as of September 30, 2019, retail stores, malls, fuel stations, railway stations and airports. Out of the aforesaid outsourced sales personnel, we have 4,350 outsourced workforce for tele-sales.

In addition to our open market customer acquisitions platform, our partnership with SBI provides us with access to SBI's extensive network of 22,007 branches across India, which enables us to market our credit cards to SBI's vast customer base of 436.4 million customers as of March 31, 2019. In October 2017, we launched Project Shikhar as a joint effort between us and SBI to market our credit card products directly to SBI's customers. Since its implementation, Project Shikhar has significantly increased the proportion of new accounts sourced from SBI's existing customer base from 35.2% of all new accounts in fiscal 2017 to 45.5% in fiscal 2018 and 55.2% in fiscal 2019.

We complement our physical customer acquisition network through a broad offering of digital channels, including our website and mobile application as well as online, email and SMS marketing capabilities. Our recently-launched Sales24 digital application platform is fully integrated with our customer onboarding and credit decision platforms, which enhanced our ability to digitally carry out our credit analyses and provide a real time in-principle approval at the point of sale. We have also integrated our digital customer acquisition platform with the SBI YONO interface, which enables us to market our products to SBI's customers through the SBI YONO mobile application. In fiscal 2019, 45% of our credit card applications were decisioned by our credit decision engines without human intervention.

We believe that our multi-channel customer acquisition network provide us with broad reach into potential customers and has been one of the key factors to our success in building and developing our market-leading positions.

Supported by a strong brand and pre-eminent Promoter

Our brand, reputation and cardholder satisfaction are critical factors in developing our business and improving our market position. Substantially all of our credit cards carry the SBI Card brand, which is a highly trusted and recognizable brand in India. The SBI Card brand has been awarded Reader's Digest "Most Trusted Brand" in India award in the credit card category 11 times since 2008, and it won The Economic Times' "Best BFSI Brand" in India award in the credit cards category in 2019. According to a brand track survey commissioned by us and conducted by Kantar IMRB in 2019, the SBI Card brand had attained 100% total awareness and 34% top-of-mind awareness recall among consumers as of December 31, 2018, the highest among all credit card brands surveyed. The value of our SBI Card brand is further strengthened by our superior customer service, which includes our AskILA chat bot and social media customer service capabilities as well as artificial intelligence-enabled knowledge management tools that assist our customer service representatives in providing faster information and more accurate resolution in real time to our customers.

Our Promoter, SBI, is India's largest commercial bank in terms of deposits, advances and number of branches as of September 30, 2019, according to the RBI. Our relationship with SBI provides us with access to SBI's extensive branch network of 22,007 branches across India and enables us to market our credit cards to SBI's largely untapped customer base comprising 436.4 million customers as of March 31, 2019. SBI has also instilled in us sound corporate governance practices that have helped to consolidate the credibility of our business. As a result, we see our relationship with our Promoter as a key competitive advantage for us.

Diversified portfolio of credit card offerings

We have a comprehensive and diverse portfolio of credit card products that we continuously adapt to the evolving needs of our cardholders and changing industry dynamics.

Our credit card portfolio caters to individual cardholders and corporate clients, and includes lifestyle, rewards, travel and fuel, shopping, banking partnership cards and corporate credit cards. We offer four primary SBI-branded credit cards: SimplySave, SimplyClick, Prime and Elite, each catering to a varying set of cardholder needs. In addition, we are also the largest co-brand credit card issuer in India according to the CRISIL Report, and we offer a wide portfolio of co-brand credit cards in partnership with several major players in the travel, fuel, fashion, healthcare and mobility industries, including Air India, Apollo Hospitals, BPCL, Etihad Guest, Fbb, the IRCTC, OLA Money and Yatra, among others.

Our credit cards portfolio is tailored to meet the particular needs of our cardholders across all major cardholder segments, from the "premium" cardholder category to the "affluent", "mass affluent", "mass" and "new to credit" categories. By catering to specialized cardholder needs, we are able to offer customized benefits, such as reward programs and discount programs, that are tailored for each target demographic and thus offer them a higher value proposition. For example, we offer a co-brand credit card that is specifically targeted at medical doctors, which offers specialized medical professional liability insurance to its cardholders. In addition, we also offer highly customizable corporate cards to our corporate clients that can be tailored for specific types of purchases and functionalities. In our experience, our ability to provide such specialized credit card products across several cardholder segments allows us to deliver a more compelling value proposition, tap into several specialized consumer segments and strengthen our long-term relationships with our cardholders.

During the entire life cycle of our cardholder relationship, we also employ our predictive modelling analytics based on our cardholders' behavior and transaction pattern and work with our various business partners to deliver targeted product and service offers to our cardholders. The ability to provide such tailored complementary product and service offers allow us to cross-sell in a more efficient manner while meeting the needs of our cardholders.

Advanced risk management and data analytics capabilities

Our advanced risk management infrastructure is robust and data-intensive, both in terms of frequency and volume of review, and is guided by our data analytics capabilities. We evaluate a large number of data points to generate our credit decisions. We possess a large database of cardholder demographic and socio-economic data (such as our cardholders' purchase patterns, behaviors and payment histories) derived from the numerous transactions carried out by millions of cardholders each year. This information covers existing and historical cardholder accounts across all portfolios and is a significant business asset for us, enabling in-depth analysis of cardholder propensities and modeling of future performance. We analyze this data together with data obtained from credit bureaus and other sources to, among other things, generate underwriting scorecards tailored to our cardholder demographics, proactively mitigate risks, and reduce losses and delinquencies.

We also take an in-depth approach to credit analytics in our periodic credit monitoring processes. To more effectively monitor and manage our existing cardholders' accounts, we analyze not just their behavioral score but also several other related variables. We also review all of our cardholder accounts on a monthly basis to minimize inconsistencies in the information underpinning those variables.

As a hallmark of our robust data analytics and risk modelling capabilities, we have developed models that more accurately estimate risk for new-to-credit and new-to-card cardholders without a credit history. We see this capability as a distinct competitive advantage, as the CRISIL Report expects these cardholder segments to be key growth drivers for India's credit card market in the future.

Modern and scalable technology infrastructure

We have a scalable, modern and sophisticated technology infrastructure capable of servicing the entire credit card life cycle. Our core technology systems are capable of handling a much higher number of accounts and transaction volumes than they currently handle, which gives us the operating leverage to support the expansion of our cardholder base. In fact, we have successfully tested our key technology systems' ability to support between three to five times the current level of our business volumes, which we believe provides us with a solid foundation for our future growth. Our technology systems also leverage artificial intelligence and process automation technologies across several of our platforms to automate routine activities, such as fraud disputes, collections functions, auto debit reconciliations and customer service, among others, which have increased our operating efficiencies.

Since 2012, we have made significant investments in our technology infrastructure, having redesigned and digitized the majority of our technology processes, risk management protocols and data analytics capabilities, among other initiatives. From fiscal 2017 to fiscal 2019, we invested ₹519.88 million in our core technology systems and in building brand new peripheral applications, such as online customer acquisition, online servicing, customer relationship management, fraud management and credit risk applications. In addition to the operating efficiencies derived from our technology systems, we believe that the cost and knowledge associated with the development, operation and maintenance of a technology system like ours represents a significant barrier to entry for potential new entrants to the Indian credit card market. As a result, our technology infrastructure and systems are a key competitive strength for us.

Highly experienced and professional management team

We have a professional and experienced management team with a deep level of expertise in the credit card industry and the overall financial services industry. Our Managing Director and Chief Executive Officer, Mr. Hardayal Prasad, has over 36 years of experience in the financial services industry. This deep industry expertise provides our leadership team with the vision to steer the long-term strategic direction of our business. In addition, we are professionally managed with a significant degree of autonomy from SBI, which we believe has improved our decision-making processes.

A large number of our senior management personnel have worked with us for a significant period of time, resulting in effective operational coordination and continuity of business strategies. Therefore, we believe that our highly experienced and professional management team is a key competitive advantage that will help us achieve our business objectives. For more information on our management, see "***Our Management***" on page 170.

Our Strategies

We operate in the Indian credit card market, which presents significant growth potential due to its favorable demographic changes and relatively low credit card penetration rate. Over the past five years, India has undergone major demographic changes that have significantly benefited our business. For example, according to the CRISIL Report, India's per-capita GDP (at constant fiscal 2011-2012 prices) grew steadily from approximately ₹90,000 in fiscal 2014 to ₹142,719 in fiscal 2019, representing a CAGR of 9.7% over such period. This rising affluence also fostered increased rates of urbanization throughout the country. India, which had traditionally been a high-savings economy, began to shift toward increased consumption levels, with household savings as a percentage of GDP falling significantly from 24.0% in fiscal 2012 to 17.0% in fiscal 2018, and its mode of savings began to shift away from physical assets toward financial assets. Greater modernization enabled an e-commerce boom supported by an increase in the disposable income of the Indian demographic over recent years, which significantly favored the credit card business.

Despite these favorable demographic changes, India's credit card markets still remains largely underpenetrated. According to the CRISIL Report, in calendar year 2017, the average number of credit cards outstanding per 100 persons in India was 2.2 as compared to 320.0 in the United States, 42.0 in China and 73.0X in Brazil, and credit cards spends as a percentage of GDP stood at 3.0% as compared to 17.0% in the United States, 25.0% in Hong Kong and 12.0% in Brazil. India still has one of the highest levels of youth demographics with a median age of 26.8 as of fiscal 2015. Around 90.0% of the population is expected to be below 60 years of age by 2020, with around 63.0% of the population between the age group 15 and 59 and 37% of the population between the age group 30 and 59, the latter of which represents India's working population. In addition, new-to-credit customers are expected to rise as a result of the low credit penetration in smaller cities according to the CRISIL Report, with the number of new-to-credit customer originations in credit cards having increased by a CAGR of 20.0% to reach approximately 3.0 million as of fiscal 2018. These metrics suggest there is significant potential for future growth and credit card penetration in India, and the CRISIL Report expects India's strong macroeconomic performance, together with its large working population, rising affluence, rapid urbanization, and an increasing shift from cash transactions to card and digital payments to continue to propel the growth of India's largely underpenetrated credit card industry.

We strive to become the market leader in India's highly underpenetrated credit card space, and we believe that we are uniquely positioned to capitalize on India's growth opportunities by leveraging our competitive strengths and pursuing the following strategies:

Expand our customer acquisition capabilities to grow our cardholder base

We intend to grow our cardholder base by continuing to expand our customer acquisition capabilities. As part of this strategy, we aim to increase the number of open market physical points of sale that we operate across India. In particular, we are focused on increasing our presence in India's tier II and tier III cities where our cardholder base has historically been underrepresented, but which have contributed an increasing proportion of our new accounts in recent years.

We also remain committed to entering into new co-brand partnerships, including with leading organized retail chains, online aggregators and financial marketplaces, to tap into new cardholder segments by cross-selling into our new co-brand partners' customer base. We also intend to deepen our partnerships with existing co-brand partners to include digital penetration into their online and mobile platforms in addition to our current physical presence at their retail locations.

We believe our partnership with SBI in particular has the potential to become a significant source of new customer acquisitions in the future. We therefore intend to deepen our partnership with SBI to increasingly market our credit cards to its customer base, including through joint marketing efforts and by enhancing platform synergies between us and SBI to improve our operational efficiencies. Some of these strategies may include, for example, allowing SBI's branch managers to market our credit cards directly to SBI customers on our behalf, which could promote additional synergies between SBI's branch staff and our sales staff.

We are also focused on deepening our digital and mobile customer acquisition platforms. For example, as part of our digital marketing strategy, we seek to increasingly drive traffic to our website to encourage prospective customers to apply for our credit cards online. We also intend to enable prospective customers to apply for our credit cards via their mobile devices through the SBI YONO mobile application, receive an instant in-principle credit decision, and to deliver targeted rewards and promotions to our cardholders via their mobile devices.

Finally, we aim to continue strengthening our brand recognition by increasing our marketing and brand value enhancement efforts, such as reward programs and innovative marketing campaigns, and capitalize on the trusted SBI Card brand to market our credit card products to the general public.

Tap into new cardholder segments by broadening our portfolio of credit card products

We intend to tap into new cardholder segments by continuing to expand our portfolio of credit card products to meet the needs of our existing cardholders and prospective customers, particularly by offering new credit card products tailored for different income-based and lifestyle segments.

Among our planned new credit card product categories, we intend to tap into the super-premium segment by offering new credit cards tailored for the needs of high-net-worth cardholders. We expect the super-premium segment to generate higher spends and result in superior growth and profitability for us, while promoting additional brand recognition. In addition, we intend to launch new credit card products targeting the new-to-credit and new-to-card cardholder segments which, according to the CRISIL Report, are expected to be one of the key growth drivers for the Indian credit card industry. Expanding the reach of our recently launched OLA Money co-brand credit card will also be a key objective for us, as its targeted demographic of younger cardholders is expected to grow significantly in India over the next decade. Our other product offerings may include credit cards targeting the defense and paramilitary cardholder segments, as well as credit cards tailored for the needs of SME clients.

By continuing to expand our portfolio of credit cards with innovative products aimed at satisfying the needs of specific cardholder segments and by adapting our existing portfolio to changing needs and preferences, we aim to continue meeting cardholders' demands and increase our market share in India's credit card market.

Stimulate growth in credit card transaction volumes

We seek to increase the number of credit card transactions conducted by our cardholders in order to increase our revenues. To achieve this, we are constantly working to enhance our value proposition to our cardholders by rolling out new cash back rewards offers, bonus reward points and merchant discounts. As part of these efforts, we plan to increasingly leverage our data analytics platform to deliver more targeted and timely offers to our cardholders. We are especially focused on rolling out such offers to cardholders located in India's tier II and tier III cities, which have contributed an increasing proportion of our new accounts in recent years.

We also expect to generate higher transaction volumes by expanding our payment capabilities and partnering with new payment networks, merchant categories and aggregators, including by rolling out new bill payment options and expanding our autopay facilities. These efforts would include, among other things, upgrading our credit limit increase program and expanding the monthly installment options we offer to our cardholders, which tend to increase affordability of consumer purchases thus stimulating transactions. In addition, we will continue assessing opportunities to establish new partnerships with payment networks to incentivize more frequent usage of our credit cards.

Finally, we are also focused on acquiring new corporate clients and deepening our relationships with existing corporate clients to gain a better understanding of their needs and generate additional transactions via our corporate credit cards.

Continue to optimize our risk management processes

Our approach to credit management focuses on making credit decisions more data driven, closely approximating a digital underwriting process. We believe that credit management will be key to helping us manage credit risk and detect early warning signs of credit difficulties. Therefore, we are constantly testing out additional ways to deploy our data analytics capabilities to improve our risk management efforts. For example, we intend to develop new ways to extract value from alternative data sources. We are also working toward making our credit decision engines fully artificial intelligence-capable, as well as building artificial intelligence and machine learning capabilities into our customer acquisition, portfolio management and transaction monitoring models. Finally, we intend to further upgrade our award-winning fraud loss prevention program, which consist of neural network and internally developed rules, from an authorization-based model to an authentication-based model, which we expect will allow us to preempt, and then prevent fraudulent transactions before they occur and lead to significant efficiency gains going forward.

Enhance cardholder experience

We are focused on continuing to invest in our digital and mobile capabilities to enhance our cardholder experience. We constantly seek to provide additional payment capabilities and other functionalities to promote greater ease and convenience for our cardholders. For example, we are now committed toward expanding the use of contactless card in the near future. We will also continue promoting the use of our digital credit cards, which are delivered directly to our cardholders' mobile phones and provide them with an additional convenience factor.

We also strive to leverage our technology to improve our customer service experience. As one such key initiative, we intend to consolidate our comprehensive omni-channel customer service platform, including by expanding our AskILA chat bot and social media customer service capabilities and enhancing our mobile and website customer self-service channels. We are also enhancing our customer service capabilities by leveraging our artificial intelligence-enabled knowledge management tools that assist our customer service representatives in providing faster information and more accurate resolution in real time to our customers. In addition to increasing our value proposition and providing greater convenience for our cardholders, we also believe these efforts will ultimately deepen our cardholder relationships.

Continue leveraging technology across our operations

We operate in a highly competitive, ever evolving industry where we must continuously improve our technology platform in order to compete effectively and reduce operating costs. We focus on leveraging technology and data analytics in the Indian credit card industry, we intend to continue investing to further enhance these capabilities and derive greater operating efficiencies.

We continue to improve our operational efficiencies through automation and digitization efforts to ensure increased cardholder retention. For example, we are focused on leveraging our artificial intelligence and predictive behavior capabilities to improve our collection efforts by better estimating optimal intervention points with our cardholders, thus driving greater efficiencies. In order to maximize the efficiency of our marketing strategy, we are currently deploying geotagging technologies to identify areas with significant potential for credit card penetration. We are also upgrading our transaction monitoring capabilities to enable us to decline potentially fraudulent, high risk transactions and protect our customers as well as enhance experience. Finally, we continue driving the adoption of paperless statements and plastic-less, digital credit cards in India. We believe that the continuous evolution of our technological capabilities will drive increased efficiencies, improve our operations and ultimately provide us with a significant competitive advantage.

Our History

We started our operations in 1998 as a joint venture between SBI and GE Capital. We received RBI approval to operate as a non-banking financial institution on October 6, 1998. SBI's parentage and trusted brand have since then provided us with an image of trust and transparency that allowed us to gain consumers' confidence.

GE Capital's ownership stake in us was acquired by SBI and CA Rover Holdings in 2017. Effective from April 1, 2018, SBI Business Process and Management Services Pvt Ltd (SBIBPMSL), an entity that provided back-end payment and processing services to us, was merged with and amalgamated into our Company. For further details, see "***History and Certain Corporate Matters – Scheme of amalgamation of SBI Business Process and Management Services Limited ("SBIBPMSL") with our Company("Scheme of Amalgamation")***" on page 168.

Our Shareholders

State Bank of India

SBI owns 74% of our total outstanding equity share capital as on the date of this Draft Red Herring Prospectus. SBI is India's largest commercial bank in terms of deposits, advances and number of branches as of September 30, 2019 according to the RBI. SBI is a public sector bank, with the President of the Republic of India (acting through the Ministry of Finance of the Government of India) owning 57.88% of SBI's equity shares as of September 30, 2019.

CA Rover Holdings

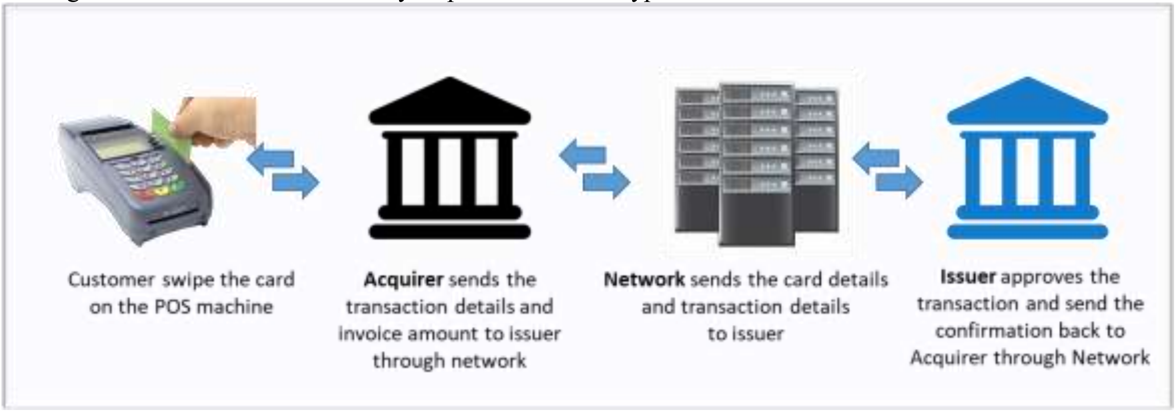
CA Rover Holdings, an affiliate of the Carlyle Group, owns 26% of our total outstanding equity share capital as on the date of this Draft Red Herring Prospectus. The Carlyle Group is a global investment firm with deep industry expertise with over $222 billion of assets under management as of March 31, 2019.

Our Business Model

We are one of India's leading providers of credit cards according to the CRISIL Report. Our operating model is focused on catering to what we see as our cardholders' two main financial needs: transactional needs and short term credit. The revenue we derive from our credit card products consists primarily of interest on our credit card receivables and non-interest income primarily comprised of fee-based income such as interchange fees, late fees, annual credit card membership fees and other fees.

A typical credit card transaction begins when a cardholder purchases goods or services from a merchant using our credit card. After the transaction is authorized by the credit card issuer through the payment network, the credit card issuer pays the purchase amount to the payment network net of interchange fees. The payment network, in turn, then pays the purchase amount to the acquirer. Finally, the acquirer pays the purchase amount to the merchant net of acquirer fees.

The diagram below summarizes the key steps involved in a typical credit card transaction:



We extend credit to our cardholders through revolving credit card accounts at standard terms. Our cardholders have the option to "revolve" their balances or convert their balances into monthly installments and repay their obligations over a period of time and at a fixed interest rate set forth in their cardholder agreements. We assign each card account a credit limit when the account is initially opened. Thereafter, we may increase or decrease individual credit limits from time to time, at our discretion, based primarily on our evaluation of the cardholder's creditworthiness and ability to pay. Cardholders' accounts are assessed periodic interest charges using a standard fixed interest rate. The interest that we earn on revolving credit card balances and monthly installment balances comprised 52.8% and 50.7% of our total revenue from operations in the six months ended September 30, 2018 and 2019 , respectively, as compared to 51.1% in fiscal 2019, 53.2% in fiscal 2018 and 56.4% in fiscal 2017.

We typically charge our cardholders an annual credit card fee for our credit cards. In addition to periodic interest charges, we also charge cardholders other fees as specified in the cardholder agreements. These fees may include fees for late payments where a cardholder has not paid at least the minimum payment due by the required due date, returned checks and balance transfer transactions. These fees are based on a standardized schedule and can vary based on the type of merchant. Apart from interest and fees from cardholders, we also receive interchange fees from the merchant acquirer that settles our cardholders' transactions with merchants and as business development incentives from the payment networks. Non-interest income comprised 47.2% and 49.3% of our revenue from operations in the six months ended September 30, 2018 and 2019, respectively, and 48.9% in fiscal 2019, 46.8% in fiscal 2018 and 43.6% in fiscal 2017.

As a general matter, the financial terms and conditions governing our credit card products vary by program and product type and change over time, although we seek to standardize the non-financial provisions consistently across all products. The terms and conditions of our credit card products are governed by a cardholder agreement and applicable laws and regulations.

Our Products and Services

We offer a comprehensive credit cards portfolio catering to a broad cardholder base and diverse cardholder needs. Substantially all of our credit cards carry the SBI Card logo, but we also have co-brand partnerships with several other major companies. Our credit card portfolio caters to both individual and corporate clients, and includes premium, travel and fuel, shopping, and corporate credit cards. We also offer one white label card, which carries our brand partner's logo without the SBI Card logo.

We offer our cardholders Visa, RuPay and MasterCard credit cards, each with different benefits and value propositions based on the relevant cardholder segment, consumer behavior and financial and credit score. We are continuously looking to expand our partnerships with new payment networks to broaden the reach and functionality of our credit cards, and we have recently entered into a partnership agreement with American Express to issue our credit cards on their payment network as well

Personal Cards

We have developed a wide range of personal credit card products, from premium credit cards for our "premium" credit category to the "affluent", "mass affluent", "mass" and "new to credit" categories.

- *Lifestyle cards*: our lifestyle credit cards target cardholder segments with similar lifestyle interests. In this category, we offer the following credit cards: SBI Card ELITE; SBI Card ELITE Advantage and Doctor's SBI Card. The annual fees we charge under our lifestyle credit cards range from ₹1,499 to ₹4,999.

- *Rewards*: our rewards credit cards give cardholders a range of benefits such as gift vouchers and accelerated rewards points accrual when they make purchases. We offer the following credit cards in the rewards category: SBI Card PRIME; OLA Money SBI Card; Apollo SBI Card; SBI Card PRIME Advantage; Tata Platinum Card; Tata Titanium Card. The annual fees we charge under our rewards credit cards range from ₹499 to ₹2,999.

- *Shopping:* in our shopping credit cards category, we partner with department stores, specialty retailers, mass merchandisers and e-retailers to offer co-brand credit cards that allow our cardholders to earn bonus rewards on shopping categories in addition to other benefits such as shopping vouchers. We offer the following credit cards under this category: SimplyCLICK SBI Card; SimplySAVE SBI Card; fbb SBI STYLEUP Card; Central SBI Select+ Card; Central SBI Select Card; SBI Card Unnati; SimplyCLICK Advantage SBI Card; SimplySAVE Advantage SBI Card; and Shaurya SBI Card. The annual fees we charge under our shopping credit cards range from ₹499 to ₹2,999.

- *Travel and fuel*: our travel and fuel credit cards generally rely on co-brand partners within the travel industry and offer reward points that our cardholders can redeem on specific travel and fuel-related categories. These credit cards also offer special travel-related benefits, such as complimentary airport lounge access, and fuel surcharge waivers. We offer the following credit cards in the travel and fuel category: Etihad Guest SBI Premier Card; Etihad Guest SBI Card; BPCL SBI Card; Yatra SBI Card; Air India SBI Signature Card; Air India SBI Platinum Card; Chennai Metro SBI Card; and IRCTC SBI Platinum Card. The annual fees we charge on our travel and fuel credit cards range from ₹499 to ₹4,999.

- *Banking partnerships*: our banking partnerships credit cards are offered to customers of our co-brand partner banks. We offer credit cards in the banking partnerships category to customers of the following co-brand partner banks: Allahabad Bank; Karnataka Bank; South Indian Bank, Karur Vysya Bank; Oriental Bank of Commerce, Bank of Maharashtra and one other bank. The annual fees we charge under our banking partnerships credit cards range from ₹499 to ₹4,999.

- *Business*: our business credit cards are tailored for the needs of our SME clients. We offer the following credit cards in the Business category: SBI Card ELITE Business, SBI Card PRIME Business and SBI Card Vyapar Unnati.

As of September 30, 2019 and March 31, 2019, our personal cards portfolio had 9.42 million and 8.23 million total cards outstanding, respectively, representing 99.5% and 99.5%, respectively, of our total number of credit cards outstanding as of those respective dates.

For the six months ended September 30, 2019 and fiscal 2019, our personal cards portfolio accounted for ₹483.29 billion and ₹737.44 billion total credit card spends representing 76.2% and 71.6%, respectively, of our total credit card spends for those periods.

Corporate Cards

We offer corporate credit cards to various corporate segments in India, including MNCs, large and mid-sized Indian companies, state owned enterprises and travel management companies. Our corporate credit cards are tailored for the diverse needs of corporate clients, including:

- *General corporate:* our general corporate credit cards are tailored to offer expense management solutions to corporate clients that have a large employee base. The corporate client's employee is the end user of our general corporate credit cards.

- *Central travel account*: our central travel account corporate cards are tailored for bulk buying and inventory purchasing from airlines, hotels and travel consolidators.

- *Utility*: our utility corporate cards provide our corporate clients with the functionality to make multiple utility bill payments (telecommunications, electricity, water, gas, etc.) in a single transaction.

- *Corporate purchase*: our corporate purchase credit cards provides payment solutions for business-to-business vendor payments and drives savings for corporates through extended payment terms. The end user of our corporate purchase credit cards is our corporate client's procurement or finance team.

We offer the following corporate credit cards: SBI Signature Corporate Card; SBI Platinum Corporate Card; SBI Central Travel Account Card; SBI Corporate Utility Card; SBI Corporate Purchase Card; and the SBI Corporate Virtual Card. Some of our corporate credit cards are provided free of annual fees, while other corporate credit cards are charged annual fees of up to ₹499.

Our corporate cards are highly customizable for our corporate clients' specific types of purchases and functionalities.

As of September 30, 2019 and March 31, 2019, our corporate cards portfolio represented 0.5% and 0.4%, respectively, of our total number of credit cards outstanding as of those respective dates. For the six months ended September 30, 2019 and fiscal 2019, our corporate cards portfolio accounted for ₹150.19 billion and ₹293.69 billion in total credit card spends, respectively, representing 23.8% and 28.5%, respectively, of our total credit card spends for those respective periods.

White Label Cards

White label credit cards are partner-branded credit cards that carry the brand partner's logo without the SBI Card logo. We currently offer one white label credit card in partnership with Tata Sons.

Value Added Services

We offer several value added services as a part of our credit card products suite. These services include:

- *ATM cash* – facility allowing cardholders to withdraw cash via ATMs using their SBI credit card, limited to the cash advance limit available on the cardholder's credit card account.
- *Easy money* – personal loans offered to cardholders within their existing cash advance limit on their credit cards.
- *Encash* – personal loans offered to select cardholders over and above their existing credit card limit.
- *Encash Inline* – personal loans offered to select cardholders within their existing credit card limit.
- *Flexipay* – allows cardholders to pay for retail purchases in a number of equated monthly installments.
- *Balance transfer* – allows cardholders to transfer their existing balances on other bank's credit cards to their SBI credit card.

New Product Development

In order to attract and retain cardholders, we continue to develop new credit card offerings, programs, features and benefits. We follow a comprehensive and a detailed market research and analysis process in developing new product offerings and launching them in the market. This process involves conducting a detailed study of our competitive landscape to understand market trends and cardholder needs. We analyze the spend behavior of our cardholders in order to understand any shifts in their spend patterns, and we carry out market gap analyses to identify any cardholder segments that may be underserved and therefore present us with a market opportunity. We also regularly commission market research studies from third-party research firms to understand changing market trends and cardholder needs. Based on this market intelligence, we develop a framework to address any identified market gaps and tailor our new products strategy to meet these potential opportunities.

We launched three new products in the six months ended September 30, 2019, as compared to four new products in fiscal 2019 and six and seven new products in fiscals 2018 and 2017, respectively.

Billing and Collections

To the extent required by law or regulation, we send a monthly billing statement to cardholders who have an outstanding credit balance. Typically, each cardholder with an outstanding balance on his or her credit card account must make a minimum payment each month. A cardholder may pay the total amount due at any time before due date without penalty, and prepayment can also be made at any time without any penalty. In total, we offer 16 different modes of bill payment to our credit cardholders, including payment facilities through YONO by SBI, Onlinesbi.com, ATM, SBI mobile banking and auto debit. Leveraging on our technology infrastructure, in fiscal 2019 and as of September 30, 2019, we sent on an average 91.4% and 92.0% of all billing statements to cardholders by e-mail and the remainder by post, on an average 92.9% and 96.1% of our bill payments were handled as digital payment modes. We also send SMS communications informing cardholders of statement generation, amounts due and the due date for payment.

All monthly billing statements with past due amounts include a request for payment of those amounts. Collections personnel generally initiate contact with cardholders within 30 days after any portion of their balance becomes past due. Collections scorecards tailored to cardholder behavior are used to estimate cardholders' propensity to cure, thus eliminating our need to contact the cardholder immediately with payment reminders where the cardholder is determined to have a high propensity to pay. This enables us to segment cardholders into risk categories that determine the appropriate nature and timing of the collections contact and identify NPAs and doubtful assets in order to more efficiently allocate our resources. The nature and the timing of the initial contact, typically a personal call, e-mail, text message or letter, are determined by a review of the cardholder's prior account activity and payment habits. We may also enter into arrangements with delinquent cardholders to extend or otherwise change payment schedules, and to waive interest charges and/or fees to aid cardholders experiencing financial difficulties.

Cross-Selling Strategies

We have a comprehensive cross-selling ecosystem wherein we sell and distribute our own, as well as appropriate third party products and services with the objective of leveraging our existing cardholder base and maximizing the value we drive from our cardholder relationships.

We have a robust distribution for cross-sell and are offering our products at various life cycle stages and touch points. We have also partnered with multiple financial service providers to offer various complementary products to our cardholders on a commission fee basis. These include life insurance, general insurance, health insurance, card protection plan and phone protection products.

Cardholders are offered tailored cross-sell products at the time of application through card sales distribution and later on through outbound and inbound tele-calling and digital modes like our website and mobile application. All our cross-sell campaigns are segmented and based on our data analytics models and ongoing market research.

Co-brand Partnerships

We are the largest co-brand credit card issuer in India according to the CRISIL Report. We have fully operational co-brand credit card programs in place with 18 co-brand partners, including partnerships with several major retailers, airlines, railway operators, department stores, banks, specialty retailers and mass merchandisers, among others. We have also entered into agreements with four additional co-brand partners, which programs are currently in the process of becoming operational. We see our co-brand partnerships as a valuable way to expand our cardholder base by cross-selling into the existing cardholder base of our co-brand partners.

The credit cards we offer through our co-brand partnerships bear our logos as well as our partners' logos. Although the terms of our co-brand agreements are partner-specific, under a typical program agreement, our partner agrees to support and promote the program to its customers, but we underwrite the credit cards and control credit criteria, and issue credit cards to customers who qualify under those criteria. We own the underlying accounts and all credit card facility receivables generated under the program from the time of origination and provide ongoing credit risk management, billing and collections services, as well as information and support to facilitate marketing campaigns and other promotions targeting co-brands cardholders. Our co-brand partners extend marketing and sales support to us, including by allowing us to use space within their retail outlets to market our co-branded cards. Co-branded credit cards are marketed to the partner's customers, but cardholders can use these cards anywhere a credit card is accepted, including other retailers or merchants.

Co-brand cardholders typically seek a credit product that offers attractive rewards, such as brand loyalty points, discounts and/or unique value added benefits (e.g., preferred delivery options and exclusive experiences), in addition to serving the conventional purpose of providing credit. Our co-brand credit cards offer benefits (that are jointly built between us and our co-brand partner) and cannot be accessed through standard open market credit card offerings. Cardholders can usually earn rewards or other benefits at our co-brand partners' platform, such as earning points they can use for additional purchases at a co-brand partner's store, discounts on merchandise, or, in the case of an airline, earning frequent-flyer miles they can redeem when traveling.

As of September 30, 2019, we had a total of 18 fully operational co-brand partners (excluding four co-brand partnerships which are in the process of becoming operational), as compared to 18, 15 and 16 co-brand partners as of March 31, 2019, 2018 and 2017, respectively.

Loyalty Programs

Our rewards program is a cardholder engagement program aimed at enhancing our overall value proposition. Our rewards program is designed to generate incremental purchase volume per cardholder, while reinforcing the value of the card to the cardholder and strengthening cardholder loyalty. Our cardholders typically can earn rewards points from purchases online as well as at merchant outlets. We also offer "accelerated" reward points at designated merchants, as well as periodic promotional rewards milestones to stimulate cardholder behavior. Our cardholders can redeem earned points against a wide range of products, gift vouchers, e-vouchers, frequent-flyer miles, other awards or merchandise discounts.

Credit Policy

We believe that a robust risk management policy is essential for the maintenance of the quality of our credit portfolio, since it is designed to allow us select clients with an appropriate risk profile and to appropriately assess those risks. We have a low level of credit defaults which we believe demonstrates the effectiveness of our risk management policy.

Our credit policy is based on our experience and is consistent with our economic scenario and business strategy. The credit policy uses advanced machine learning decision models and strategies deployed in credit decision engines by the credit risk team, consistent and dynamic operating processes and systems, structured and automated controls and managerial information systems, and highly trained and qualified professionals to manage all stages of the credit cycle. We review our credit policy, strategy and scoring models periodically based on non-performance credit indicators.

Credit Analysis for New Cardholders

We use a number of proprietary scorecards to assess an applicant's creditworthiness. These models underpin our underwriting process and are refined periodically to align with our business requirements.

We analyze hundreds of variables, including cardholder-provided information, credit reference agency information. We generally obtain certain information provided by the applicant and obtain a credit bureau report from one of the major credit bureaus. We also apply additional application screens based on various inputs, including credit bureau information, our previous experience with the cardholder and information provided by our partner, to help identify potential fraud and prior bankruptcies before qualifying the application for approval. In addition, we use pre-approved account solicitations for certain programs. Our credit risk management team determines in advance the qualifying credit scores and initial credit line assignments for each portfolio and product type, and these scorecards are used to assess applications and assign credit limits with segmented policy cut-offs. Our credit decisioning strategies and policies are encoded into our credit risk decision engines and are largely automated. In fiscal 2019, 45% of our credit card applications were decisioned by our credit decision engines without human intervention.

Initial credit limit assignment differs by consumer credit market segment, with card limits ranging from ₹10,000 to ₹1,000,000 (subject to the cardholder's option to accept a lower credit card limit). We assign an initial credit limit based on a number of factors to help ensure an appropriate limit is offered in light of the cardholder's risk and their existing debts/income profile.

Credit Monitoring for Existing Cardholders

Ongoing credit monitoring is a critical part of our risk management strategy, and include the proactive management of credit limits, spends and delinquency by cardholder segments. We periodically analyze performance trends of accounts originated at different score levels as compared to projected performance and adjust the minimum score or the opening credit limit to manage credit risk.

We regularly assess the credit risk exposure of our cardholder accounts. This ongoing assessment includes information relating to the cardholder's performance with respect to its account with us, as well as information from credit bureaus relating to the cardholder's broader credit performance. To monitor and control the quality of our revolving credit portfolio we use behavioral scoring models that we have developed to score each active account on its monthly cycle date. We have scorecards for different stages of delinquency. These models have been made using numerous risk indicators and they are reviewed on a monthly basis for performance and stability. Based on the performance review, these scorecards are realigned and re-developed to align with business scenarios and suitable score-based portfolio action strategies are created. Proprietary risk models, together with the credit bureau reports obtained on each active account no less than quarterly, are an integral part of our credit decision-making process. Depending on the duration of the cardholder's account, risk profile and other performance metrics, the account may be subject to a range of account actions, including limits on transaction authorization and increases or decreases in limits and card blocks. We also have a robust machine learning based model to monitor card transactions and alert suspicious patterns to safeguard out cardholders. This has a further overlay of several parameters customized for various cardholder profiles and transaction types.

Our Marketing Platforms

Marketing Strategy

Our marketing strategy is focused on communicating and promoting our brand as the most relevant brand choice for credit cards in India. We operate in a highly competitive market, and we are constantly expanding and innovating our marketing initiatives, which are geared towards potential and existing clients.

We market our new products through a variety of channels, including via, press, magazines, radio, telephone and digital. Through the development of a large prospect database, use of credit bureau data and use of a prospective cardholder contact strategy and management system, we continuously develop our modeling and prospective cardholder engagement capabilities, which helps optimize product, pricing and channel selection.
Our marketing department is charged with delivering integrated mass and direct communications to foster prospective cardholder engagement with our products and services. We also leverage strategic partnerships with sponsorship properties to help drive growth.

All our marketing actions are based on an analysis of data basis and data basis segmentations. Our marketing channels include:

- direct mailing;
- call center;
- advertising through newspapers and magazines;
- advertising on radio;
- various marketing campaigns, exhibitions and other events; and
- internet advertising.

Brand Management

The SBI Card brand is a leading brand in India's credit card space that enjoys substantial brand recall and awareness among the general public, as demonstrated by the fact that it has been awarded Reader's Digest "Most Trusted Brand" in India award in the credit card category 11 times since 2008, and has won The Economic Times' "Best BFSI Brand" in India award in the credit cards category in 2019. According to a brand track survey commissioned by us and conducted by Kantar IMRB in 2019, the SBI Card brand had attained 100% total awareness and 34% top-of-mind awareness recall among consumers as of December 31, 2018, the highest among all credit card brands surveyed We have successfully leveraged SBI's reputation as a trusted brand through our partnerships and initiatives with SBI, which has enabled us to effectively target new cardholders and cardholder segments and our brand is associated with a good business reputation and market position.

Our brand management team utilizes consumer insights and market intelligence to define our mass communication strategy, create multi-channel advertising messages and develop marketing partnerships with sponsorship properties. This work is performed in house as well as with a variety of external agencies and vendors.

Our advertising spends have consistently increased over the past three years, which has resulted in improvements to our brand identity and recognition. In 2019, we launched several new brand-building initiatives, including a redesigned logo aimed at appealing to younger generations. This redefined identity reflects our brand's contemporary and youth-focused outlook and its endeavor to build a stronger relationship with India's younger demographic.

SBI card

Sales and Customer Acquisition Channels

Our sales and customer acquisition networks are an integral part of our business. Our customer acquisition model focuses on combining a well-trained, quickly scalable sales force with our technology-enabled, instant in-principle credit decision platform.

As of September 30, 2019, our sales workforce consisted of 33,086 outsourced sales personnel operating out of 133 cities spread across most of India's territory. Our outsourced sales workforce is trained and supervised by our in-house management staff. In the six months ended September 30, 2019 and in fiscal 2019, we acquired 1.71 million and 2.84 million new accounts, respectively, as compared to 2.53 million new accounts in fiscal 2018 and 1.24 million new accounts in fiscal 2017.

Most of our new customer acquisition has historically been concentrated in India's eight largest metropolitan areas; however, in recent years, the contribution from India's tier II and tier III cities has been increasing in proportion to our overall portfolio.

The table below shows the proportion of new accounts sourced, by geographic category, for the periods indicated:

	As of and for the year ended March 31,						As of and or the six months ended September 30,			
	2017		2018		2019		2018		2019	
	(millions of new accounts, except percentages)									
Top-eight metropolitan areas[(1)]	0.83	67.0%	1.37	53.9%	1.22	43.0%	0.50	42.7%	0.72	42.0%
Tier II metropolitan areas[(2)]	0.23	18.6%	0.47	18.8%	0.50	17.5%	0.20	17.2%	0.31	18.1%
Tier III metropolitan areas[(3)]	0.13	10.5%	0.34	13.6%	0.39	13.8%	0.17	14.1%	0.24	14.2%
Others	0.05	4.0%	0.35	13.7%	0.73	25.7%	0.31	26.0%	0.44	25.7%
Total	1.24	100.0%	2.53	100.0%	2.84	100.0%	1.18	100%	1.71	100.0%

(1) Comprised of the Ahmedabad, Bangaluru, Kolkata, Chennai, Delhi National Capital Region, Hyderabad, Mumbai and Pune metropolitan regions.

(2) Comprised of the cities of Anand, Aurangabad, Baroda, Bhopal, Bhubaneshwar, Chandigarh, Coimbatore, Cochin, Cuttack, Dehradun, Goa, Hosur, Indore, Jaipur, Jalandhar, Jamshedpur, Jodhpur, Kanpur, Lucknow, Ludhiana, Mangalore, Nagpur, Nasik, Patiala, Prayagraj, Rajkot, Shimla, Trichy, Trivandrum and Vizag.

(3) Comprised of the cities of Agra, Ajmer, Allepy, Ambala, Amritsar, Amravati, Asansol, Belgaum, Bhillai, Bilaspur, Bokaro, Baramati, Changalpetu,

Calicut, Dhanbad, Dharwad, Durgapur, Durg, Erode, Guntur, Guwahati, Gwalior, Haldia, Jind, Hubli, Jabalpur, Jamnagar, Jammu, Kakinada, Karnal, Karur, Kharagpur, Kolhapur, Kanchipuram, Kottayam, Kozhikode, Madurai, Mathura, Meerut, Mettur, Mysore, Nandiad, Navsari, Nellore, Pallakad, Panipat, Pondicherry, Patna, Raipur, Ranchi, Rajamundhri, Rourkela, Salem, Shillong, Siliguri, Surat, Thanjavur, Tirupur, Tirupati, Trichur, Tumkur, Udaipur, Ujjain, Varanasi, Vellore, Vijayawada and Warangal.

We have a well-diversified customer acquisition network through open market, bank and corporate distribution channels that enables us to engage our prospective customers across multiple platforms.

The table below shows the proportion of new accounts acquired, by customer acquisition channels, for the periods indicated:

	For the year ended March 31,						For the six months ended September 30,			
	2017		**2018**		**2019**		**2018**		**2019**	
	(millions of new accounts, except percentages)									
Open market distribution channel (retail / co-brand partnerships)	**0.79**	**63.9%**	**1.37**	**54.0%**	**1.26**	**44.4%**	**0.47**	**40.2%**	**0.89**	**51.9%**
Retail	0.44	35.6%	0.70	27.6%	0.42	14.8%	0.17	14.7%	0.27	16.1%
Co-brand	0.35	28.3%	0.67	26.4%	0.84	29.6%	0.30	25.5%	0.61	35.9%
Bank distribution channel (SBI)	0.44	35.2%	1.15	45.5%	1.57	55.2%	0.70	59.4%	0.81	47.6%
Corporate distribution channel	0.01	0.9%	0.01	0.5%	0.01	0.4%	0.01	0.4%	0.01	0.5%
Total	**1.24**	**100%**	**2.53**	**100%**	**2.84**	**100%**	**1.18**	**100%**	**1.71**	**100%**

Open Market Customer Acquisition Channel

According to the CRISIL Report, we are the leading player in open market customer acquisitions in India. Our open market customer acquisition strategy involves deploying our sales and marketing personnel in a variety of locations, including physical points of sale in retail stores, malls, fuel stations, railway stations, airports, corporate parks and offices, as well as through tele-sales, online channels, email, SMS marketing and via mobile applications

As India's leading co-brand credit card issuer according to the CRISIL Report, our co-brand partnerships allow us to significantly scale our open market customer acquisition capabilities through access to our co-brand partners' distribution networks. We work directly with our 11 non-bank co-brand partners and seven bank co-brand partners to leverage their distribution network, communication channels and customer interactions in marketing our credit card products to their customer base, and we are focused on deepening our partnerships beyond physical presence to also include digital penetration on our co-brand partners' online and mobile platforms.

Our open market customer acquisition platform includes:

- 3,009 open market points of sale across 133 cities in India as of September 30, 2019;
- bank branch networks of our seven bank co-brand partners across India;
- physical presence in 11 non-bank co-brand partner retail locations and seven bank co-brand partner branches as of September 30, 2019;
- outreach with 4,350 outsourced tele-sales workforce as of September 30, 2019; and
- online e-apply channels, email and SMS marketing.

New accounts obtained from our open market customer acquisition channel represented 63.9% of our total new accounts obtained in fiscal 2017, as compared to 54.0% in fiscal 2018 and 44.4% in fiscal 2019.

Bank (SBI) Customer Acquisition Channel

Our partnership with SBI enables us to market our credit cards to SBI's customer base out of over 22,000 SBI branches across India, including physical presence by our outsourced sales workforce in 14,107 SBI branches as of March 31, 2019.

We employ a variety of marketing strategies to introduce our credit cards to SBI customers. In October 2017, we partnered with SBI to implement Project Shikhar, through which we began more actively marketing our credit card products to SBI customers. Project Shikhar has significantly increased the proportion of new accounts obtained from SBI's existing customer base from 35.2% of our total new accounts obtained in fiscal 2017 to 45.5% in fiscal 2018 and 55.2% in fiscal 2019.

Digital Customer Acquisition Capabilities

Our online customer acquisition capabilities include our website and mobile application, which are supported by online, email and SMS marketing capabilities. Our recently-launched Sales24 digital application platform is fully integrated with our customer onboarding and credit decision platforms, which enhanced our ability to digitally carry out our credit analyses and provide a real time in-principle approval at the point of sale. Additionally, our SBI Card mobile application enables us to conduct on-boarding processes, generate an electronic PIN and immediately dispatch an e-card to our new cardholders, thus enabling cardholders to perform online transactions without waiting for the physical card delivery. We also employ digital strategies as part of our bank (SBI) distribution channel. For example, we have integrated our digital sourcing platform with the SBI YONO interface, which enables us to market our products to SBI's customers through the SBI YONO mobile application. In fiscal 2019, 45% of our credit card applications were decisioned by our credit decision engines without human intervention.

Our Cardholders

Our client base is highly diverse and is principally composed of individuals and, to a lesser extent, corporate clients. We have an extensive and diversified client base and do not significantly depend on any particular client. The diversification of our client base is an essential aspect of our business strategy.

Our retail cardholders range across all major market segments, from the "premium" credit category to the "affluent", "mass affluent", "mass" and "new to credit" categories. Our corporate clients similarly vary across a wide range of corporate market segments, from MNCs to large Indian corporates, state-owned enterprises or mid-market players.

Cardholder Engagement

Our cardholder engagement process begins with our onboarding and early activations protocols. Cardholder onboarding is key to promote cardholder engagement and to maximize the cardholder experience from our credit cards. As part of our onboarding process, new cardholders receive a welcome kit containing information regarding the credit card features, followed by series of SMS and personalized email messages detailing further information regarding card features and activation steps. We also follow up with a call to our new cardholders to promote a seamless onboarding experience. For inactive cardholders who have received but not yet activated their credit cards for over two months, our engagement strategies include offering promotional rewards and other special offers to encourage credit card activation and use.

Following the cardholder onboarding and early activation process, we employ our predictive modelling analytics based on the cardholder's behavior and transaction pattern and work with our various business partners to deliver product or service offers to our cardholders. We encourage usage of our credit cards by partnering with popular merchant brands and offering accelerated earn and pay points programs with merchant partners, which enable ample reward redemption channels for our cardholders to redeem their loyalty points.

Customer Service

We offer our cardholders a comprehensive, omni-channel customer service experience. Cardholders have the choice to manage their accounts online via our website, mobile application and by calling our telephone customer service personnel. Our customer service platform is integrated with a range of digital solutions and offers a range of interaction points, including customer service via telephone in nine different languages, text messaging, chat and 24/7 customer service online through AskILA (our virtual assistant chatbot), as well as proactive notifications via email, text messaging and in-app messaging for monitoring transaction activity and account security.

Our customer service center is based in India, and we only outsource certain customer service functions to external parties in accordance with applicable regulations. Our customer service excellence has been recognized by several industry awards, including: the Stevie (Gold Award) for customer service executive of the year in 2019; Stevie (Silver Award) for the customer service department of the year in 2019 by the International Business Awards; Golden Bridge Awards in the categories of customer service department of the year in 2019 (Gold Award for our AskILA chatbot); customer service team of the in year 2019 (Gold Award for our priority service team); and customer service outstanding performance of the year in 2019 (Silver Award).

Key Suppliers and Partnerships

We outsource certain operational functions to third-party solutions providers. We have chosen to partner with selected suppliers that provide functionality combined with an ability to scale significantly and support future growth. In particular, we rely on third party solutions providers for certain of our platform services, such as IT, application processing, card production, transaction and payment processing and cardholder communication services. Our core IT platform, as well as the hosting and processing of transaction level data, is licensed from Fiserv, formerly known as First Data, one of the leading global providers of payment services and partner to many financial service providers and credit card issuers.

We issue our credit cards in partnership with either the Visa, MasterCard and RuPay payment networks pursuant to customary non-exclusive client services and trademark license agreements that we have entered into with each of them. Under those agreements, we are permitted to issue credit cards under the respective Visa, MasterCard and RuPay logos, and they agree to provide our credit cards with access to their payment networks in exchange for certain royalties and fees to be paid by us. We are continuously looking to expand our partnerships with new payment networks to broaden the reach and functionality of our credit cards and we have recently entered into a similar agreement with American Express to issue our credit cards on their payment networks.

We are the largest co-brand credit card issuer in India according to the CRISIL Report. We have partnerships with several major retailers, airlines, railway, cab aggregators, hospital , department stores and specialty retailers. For more information, see "***– Co-brand Partnerships***" on page 138.

We also enter into partnerships with several merchants to enables their e-commerce and point of sale businesses to accept our credit card transactions.

We also outsource the credit card issuance process, including production of the plastic card, engraving of personalized data, printing of non-personalized advertising brochure, printing of personalized letter, production of envelopes, and handling and mailing.

An approved supplier program is in place for the selection and appointment of all suppliers and third-party providers. All suppliers and third party providers must be approved by the appropriate business contact and/or by the procurement and supplier management function, depending on the nature and materiality of the service. Our supplier governance policies also provide the framework for how we appoint and manage our suppliers and third party suppliers. We provide oversight of our suppliers, including the management of supplier risk, through a centralized procurement function and a supplier governance program to ensure appropriate controls.

Competition

We operate in a highly competitive environment, and we face competition in all aspects of our business from numerous bank and non-bank providers of financial services.

Our credit cards business competes with international and national credit card issuers and, to a certain extent, issuers of debit cards. We also encounter competition from businesses that operate their own mobile wallets or extend credit to their customers and other fintech service providers. In general, customers are attracted to credit card issuers largely on the basis of price, credit limit, reward programs and other product features.

We face intense competition for co-brand relationships, as both card issuer and network competitors have targeted key business partners with attractive value propositions.

For more information, see "***Risk Factors – We face competition in the credit card market from other credit card issuers and payment solutions providers, and we may not be able to compete effectively, which could result in fewer cardholders and lower account balances and could materially adversely affect our financial condition, cash flows and results of operations***" on page 29.

Technology and Data Analytics

Our approach to technology development and management involves both in-house software development resources as well as leveraging industry-standard third-party platforms. We use third-party vendors for basic technology services (e.g., telecommunications, hardware and operating systems) as well as for processing and other services. We subject each vendor to a formal approval process, which includes among other things a security assessment, to ensure that the vendor can assist us in maintaining a cost-effective and reliable technology platform. We use our in-house resources to build, maintain and oversee our technology systems. Our solution design, IT project management and enterprise IT architecture setup are carried out using our own in- house resources. We believe this approach enhances our operations and improves cost efficiencies.

We have made significant strides in adopting and implementing new technologies and processes over the recent years. We have a strong technology infrastructure with scalable platforms to support future growth throughout the entire credit card life cycle. We operate our IT platform out of multiple datacenters located in India. Our core receivables platform is also provided by Fiserv, formerly known as First Data, which has been running at high system availability, thus enabling transaction processing at high speeds. In addition, our systems are fully integrated across all of our platforms, with a comprehensive integration layer covering multiple interfaces. We have successfully tested our key systems' ability to support between 3 to 5 times our existing business volumes, which underscores the scalability of our technology platform.

Digital and Mobile

We are focused on investing in our digital and mobile capabilities, bringing to market new features, channels and experiences for our cardholders and enhancing our existing digital design and user experience. Our approach continues to be cardholder and partner-centric to reach our cardholders in unique ways at home, in store, online or wherever they prefer.

Our SBI Card website provides a platform for prospective customers to apply for a credit card online. We also use our website to provide an effective self-service channels our cardholders, to cross-sell our credit cards and other value added services and to promote offers to our existing cardholders.

As at October 2019, our SBI Card mobile application received a rating of 4.7 out of 5.0 on the Apple App Store and 4.6 out of 5.0 on the Google Play Store. Our mobile application has the following features: (i) contactless payment at NFC enabled point-of-sale machines; (ii) Bharat QR-based payments; (iii) instant self-service option with ILA, our virtual assistant chatbot; (iv) rewards points redemption; (v) 12 self-service options such as viewing card statements, raising a transaction dispute and fraud reporting; and (vi) promotion of cross-sell products.

Some of our key digital initiatives include:

- we have developed our own proprietary instant e-credit card which enables us to immediately send an e-card to our new cardholders, generate an electronic PIN and conduct on-boarding processes. This enables cardholders to perform online transactions without waiting for the physical card delivery. We are focused on increasing such digital card issuances in the near future.

- we have invested significant resources in our digitally integrated Sales24 customer acquisition platform, which has digitized our credit card application process at the point of sale, and is fully integrated with our customer onboarding and credit decision platform. This has enhanced our ability to digitally carry out our credit process and provide a real time in-principle approval at the point of sale.

- On an average 91.4% of our statements in fiscal 2019 and 92.0% of our statements for six months ended September 30, 2019 were issued as e-statements.

- On an average 92.9% of our bill payments in fiscal 2019 and 96.1% of our bill payments for six months ended September 30, 2019 were handled as digital payments.

- Project Turbine (Data Lake) – an end to end platform for data analytics and facilitating the provision of real-time, location based customized offers for our cardholders

- In fiscal 2018, we launched our new Bharat QR payments system, which processes a large number of electronic transactions at various merchants each month

- We have also significantly expanded the reach of AskILA, our chatbot, across our digital platforms and deepened its knowledge and ability to respond to the questions that our cardholders may ask and perform certain tasks that they may require.

Data Analytics

Our business is underpinned by our modern technology infrastructure and data analytics capabilities which cut across all aspects of our operations, from our marketing and distribution strategies to credit analysis, cardholder onboarding, risk management and collections. Our core IT systems are sophisticated and have significant capacity to take on higher cardholder volumes and, therefore, are scalable to support future growth. Even so, despite having a modern technology infrastructure, we continuously upgrade our technology systems to enhance our operating efficiencies. We also possess a large database of cardholder demographic and socio-economic data (such as our cardholders' purchase patterns, behaviors and payment histories) derived from the numerous transactions our cardholders make each year, which we analyze to generate underwriting scorecards, proactively mitigate risks, and reduce losses and delinquencies. We also employ our data analytics capabilities to more effectively market our credit cards to potential cardholders, as well as to develop new product offerings, among other things.

Intellectual Property

We utilize various forms of intellectual property in our business including the SBI brand and the names of the various products credit cards we offer to our cardholders. As on the date of this Draft Red Herring Prospectus, we are the registered owner of various trademarks, including "SMARTPAY", "FLEXIPAY", "ASKILA" and "CLICK2CARD", and one domain name (www.sbicard.com). Further, various applications seeking registration of trademarks including, "SBI Card (new logo), "SIMPLYSAVE" and "SIMPLYCLICK" under various classes are currently pending registration.

We have registered the "SBI Card" logo under the Trademarks Act. We do not own the "SBI" trademark and currently use the "SBI" logo pursuant to a non-exclusive licensing agreement between us and SBI. Pursuant to the licensing agreement, SBI has permitted us to use certain trademarks registered in favor of SBI such as the "SBI" wordmark and logos part of our corporate or trading name, for which we pay royalty fees of 2% of our net profit or 0.2% of our total income, whichever is higher. The licensing agreement may be terminated by SBI upon the occurrence of certain events, which include, among other things, SBI's shareholding in us falling below 26.0% of our outstanding equity share capital, if we undergo a change of control event, or if we fail to pay royalty fees to SBI. For details, see "***Our Promoter and Promoter Group – Licensing agreement dated September 7, 2009 executed amongst SBI and our Company amended by way of Amendment to Licensing Agreement dated July 21, 2017 and Amendment Agreement to Licensing Agreement dated November 19, 2019 ("Licensing Agreement")"*** and ***"Risk Factors – We use the "SBI" brand of our Promoter, and are exposed to the risk that the "SBI" brand may be affected by events beyond our control and that our Promoter may prevent us from using it in the future***" on pages 191 and 30 respectively .

Credit Ratings

The following table sets forth the details of our domestic credit ratings as of September 30, 2019:

Rating Agency	Long term Rating	Short Term Rating
CRISIL	AAA / Stable	A1+
ICRA	AAA/ Stable	A1+

As at the date of this Draft Red Herring Prospectus, there have been no changes to the credit ratings set forth above.

Employees

As of September 30, 2019, we had a total of 3,783 employees (3,701 employees as of March 31, 2019). The table below shows the distribution of our employees (excluding outsourced workforce) by key functions:

Function	As of September 30, 2019	As of March 31, 2019
Collections	677	658
Customer Service	1,083	1,209
Marketing	94	78
Operations	455	448
Risk Management	418	306
Sales	592	574
Others	464	428
Total	**3,783**	**3,701**

We seek to recruit top graduates from Indian Business schools and universities to work at our offices. We also provide certain employees with scholarships or stipends for technical, undergraduate and post-graduate degrees. Our employees are mainly employed in our customer service, collections and sales departments.

Our outsourced workforce was as of September 30, 2019 was 37,951 most of which were engaged in our sales, customer service collections and operations functions.

Seasonality

We experience fluctuations in transaction volumes as a result of higher seasonal consumer spending and payment patterns around India's vacation season (May to June and late December to mid-January), as well as India's festive seasons (Dussehra to Diwali season as well as various local and regional festivals).

Insurance

We maintain all material insurance policies that are customary for entities in the payment products business. The policies have been procured considering the presence of SBI Card offices across the country and cover material risks including cybersecurity breaches, fire, burglary, vehicle damage, lightning, explosion, windstorm, smoke, leakage, collapse, and certain other business risks. We have also obtained group term life insurance and a group health insurance policy which covers employees and their family members.

Properties

We lease the building where our Registered Office is located in the city of New Delhi, India. We also lease the building where our Corporate Office is located in the city of Gurugram, India. In addition, as on the date of this Draft Red Herring Prospectus, we operate out of 23 office locations (including our Registered Office and Corporate Office).

As of September 30, 2019, value of our property, plant and equipment totaled ₹541.71 million (₹575.42 million as of March 31, 2019).

RISK MANAGEMENT

Internal Controls and Risk Management

Managing risk effectively is fundamental to the way we manage our business. We seek to make sensible and balanced business decisions through our risk appetite and corporate governance frameworks.

We have established an enterprise-wide risk management framework underpinned by a comprehensive suite of policies, operational procedures and governance structures and supported by a number of systems to enable us to conduct business in accordance with applicable laws, rules, regulations and guidance.

Our approach to risk management is to ensure that all relevant risks in our business activities are appropriately identified, measured, monitored and controlled. We have a focus on leveraging our strong credit risk background and complement this with a focus on conduct, financial control, liquidity and operational risk.

Risk Appetite Statement

Risk appetite is defined as the aggregate level and the type of risks we are willing to accept or avoid in order to achieve our strategic objectives. Risk appetite expressions are consistent with our aspirations, mission statement and core values, and also serve as tools to prevent business activities that could have a negative impact on our reputation.

Our risk appetite statement consists of both quantitative limits and qualitative expressions to recognize a range of possible outcomes and set boundaries for proactive management of risks. Limits focus on achieving business performance and earnings objectives, and on maintaining capital and franchise resiliency under stress conditions featuring combined impacts of macroeconomic and idiosyncratic shocks. These limits and expressions are revised at least annually or as warranted by changes in business strategy, risk profile and external environment.

Risk Management Framework

Our risk management framework is a collection of day-to-day tools, processes and methodologies that support us in defining risk appetite, documenting the governance of risk and identifying risk processes and methodologies to assess, monitor and control the risks.

We have an Enterprise Risk Management team that is responsible for monitoring approved risk limits and escalation triggers to ensure that our business is operating within the approved risk appetite. Risk limits are monitored and reported on to various risk sub-committees, the Risk Committee and our Board of Directors, as appropriate. Through ongoing monitoring of risk exposures, management seeks to be able to identify appropriate risk response and mitigation strategies in order to react dynamically to changing conditions. Further, the Enterprise Risk Management team liaises with sales and operations functions to ensure that sourcing policies are followed as expected. Early identification indicators, fraud reviews and approval funnel performance are integral part of this risk identification process. Based on performance review of applications and booked accounts, corrective actions are taken in high risk segments.

Risk Measurement

We have a robust and varied risk measurement system which spans across the credit card life cycle. We have statistical and non-statistical measures that employ our historical data as predictors of risk and volatility. These include scores (internal and external), change in cardholder behavior with other institutions as reported by the bureaus, score migration to identify any deteriorating trend, delinquency and flows at various stages. We also do a segment measurement of risks to align with benchmarks and targeted policy and process changes are made to contain the risk. We keep refining the risk parameters to align with changing business environment and cardholder behavior. We measure the risk both at a cross section and a time series view of the portfolio along with trended bureau data to identify any build of stress. Risk is also measured across processes with respect to alignment with defined policies and guidelines.

Risk Management

Risk management processes and methodologies are central to our risk management framework, allowing for the identification, measurement, monitoring and control of risk.

We have specific risk triggers in place, and we monitor our cardholder's behavior and credit scores proactively using available sources of information (including transaction patterns, credit bureau data and cardholder footprint captured across our systems) on a nearly real time basis. These processes and methodologies include qualitative and quantitative measures.

Risk Reporting

Our ongoing risk monitoring processes are periodically compiled onto our Portfolio Risk Review Report, which covers sourcing, portfolio performance, delinquency, frauds and audits. Our Portfolio Risk Review Report are presented to our management team, board of directors and the RBI as per regulatory requirements. In addition, the status of each account is reported to all four of our credit bureaus. Internal reporting tracks the performance of various sourcing segments by count and amount delinquency and suitable policy changes are made to address them.

Stress Testing

We use stress testing to better understand the range of potential risks and their impacts to which we are exposed. A stress testing framework is employed to provide a comprehensive, integrated and forward-looking assessment of material risks and vulnerabilities. Stress test results inform on business strategy, risk appetite setting, and decisions related to capital actions, contingency capital plans, liquidity buffer, contingency funding plans and balance sheet positioning. Our stress testing framework utilizes a risk inventory, which covers our risk exposures across our defined risk categories. The risk inventory provides a comprehensive view of our vulnerabilities capturing current and emerging risks from management's view, granular risks relevant to business units and emerging risks associated with new initiatives.

Internal Controls and Compliance Framework

We have placed multiple internal controls to manage credit and regulatory risk. We have independent reviews and controls reviews. Policies and processes have been automated on system to minimize any aberration to the defined guidelines with a maker-checker mechanism. We also have created multiple automated triggers which alerts an anomaly in any process or system- either intentional or a process failure. Further, steps have been defined to take action on these alerts in a timely fashion. We also have a strong compliance framework and we review processes and policies across functions periodically.

Compliance Overview

Our compliance program seeks to promote compliance with all of our regulatory and ethical obligations as an integral element of our overall governance, in an effort to create value through enhanced reputation, stronger stakeholder confidence and greater cardholder trust.

Robust internal policies, regulatory compliance programs, regular internal reviews of new products, policies, processes and a comprehensive compliance training program underpin our preventive mechanisms. In addition to this, regular compliance and money laundering risk assessment, compliance assurance and testing on key risk areas, annual compliance plan and our anti-money laundering program ensure that the organization continues to stay vigilant through timely detection and mitigation of any compliance risks. The compliance program also seeks to ensure prompt and accurate response mechanism through internal monitoring and reporting procedures, for example, under our policy quarterly compliance certificates that must be delivered to our board of directors.

Risk and Controls Governance

Our board of directors is ultimately accountable for our risk management and oversight functions. The Board considers the appropriateness of the risk management framework in line with our risk appetite and our strategy. The Enterprise Risk Management Committee of our board of directors reviews and discusses the performance of the risk appetite triggers on monthly basis.

Fraud Prevention

We have robust fraud management framework across customer lifecycle. We try and prevent any fraudulent application from entering our system through inconsistency and velocity checks on our application and account database, as well as real time access to an internal and external fraud repository.

We regularly monitor our cardholders' accounts to help prevent, detect, investigate and resolve fraud. Our fraud prevention processes are designed to protect the security of cards, applications and accounts in a manner consistent with our cardholders' needs to easily acquire and use our products. Prevention systems monitor the authorization of application information, verification of cardholder identity, sales, processing of convenience and balance transfer checks, and electronic transactions. Each card transaction is subject to screening, authorization and approval through externally developed and proprietary point-of-sale decision systems. We use a variety of techniques that help identify and halt fraudulent transactions, including adaptive models, rules-based decision-making logic, report analysis, data integrity checks and manual account reviews. We manage accounts identified by the fraud detection system through technology that integrates fraud prevention and customer service. Our strategies are subject to regular review and enhancement to enable us to respond quickly to changing conditions as well as to protect our cardholders and our business from emerging fraud activity.

Our fraud loss prevention program, which consist of neural network and internally developed dynamic rules, attempts to detect transactions that are unusual or inconsistent with prior usage history and calls are made to the relevant cardholders to confirm their purchases. The parameters and number of these rules are periodically reviewed as per emerging fraud trends. We have an anti-fraud team which is dedicated to investigating fraud losses. Fault may also lie with delivery companies that fail to deliver credit cards to the right person. In such instances, we attempt to recover fraud losses from the responsible party. To prevent misuse of a card and minimize credit risk, our fraud management system will automatically suspend the use of a card based on certain pre-set triggers and parameters, and we also have an automated card unblocking process to increase cardholder convenience.

Our achievements in fraud management and prevention have earned us multiple national and international awards, such as the Champion Security Award- South East Asia for Excellence in Fraud Risk Management from Visa received for years 2019, 2016 and the Visa Global Service Quality Award for the years 2018, and 2015.

KYC/AML

We have a well-defined, comprehensive anti-money laundering ("AML") compliance program to mitigate regulatory and reputational money laundering risks. Our AML compliance program ensures that the company continues to demonstrate compliance with financial and other regulatory requirements. Annual risk assessment is conducted which indicates the strength of our AML controls to protect against misuse of financial systems or products for the purpose of money laundering and terrorist financing. We have also designated specific officers as AML Principal Officer and AML Designated Director, which are in charge of overseeing our AML efforts.
Our AML compliance program includes controls and measures to identify and report suspicious activity to the appropriate authorities in a timely manner and as permitted by applicable laws and regulations. To safeguard us from being used as a potential money laundering and terrorist financing vehicle, we have implemented robust "watchlist screening" and "transaction monitoring" automated solutions. The watchlist screening solution supports the client screening process at both the onboarding stage and on an ongoing basis and transaction monitoring solution identifies potentially abnormal behaviors basis red flag indicators provided by the regulators and generates alerts for remediation.

Internal Audit Framework

Our internal audit function reports to the Audit Committee of our board of directors on the effectiveness of our risk management and regulatory compliance functions. Our internal audit team works together with our external auditors in an effort to ensure that internal audits are adequately conducted across our various different departments and functions. The results of our internal audit are presented to the Audit Committee of our board of directors on quarterly basis.

A specialized in-house audit team also conducts periodic audits of our principal processes and functions, including third party service providers. Based upon the findings of our audit team, necessary corrective measures are initiated to address any identified areas for improvement.

We are a licensed systematically important non-deposit taking non-banking financial company. Accordingly, we are subject to annual stringent and robust inspection by the RBI. We are also subject to audit by the Comptroller and Auditor General of India ("CAG"). Following the inspection, the RBI and the CAG will provide us with their inspection reports which may include observations and recommendations, and they will monitor our compliance with any such recommendations. These RBI and CAG reports are presented in the Audit Committee of our board of directors and followed up to ensure that agreed actions have been carried out.

Data Security

We have adopted a holistic cyber security framework with a comprehensive information systems security and cyber security policy and standards based on industry best practices with compliance to regulatory guidelines. Our cyber security framework is designed to protect the confidentiality, integrity and availability of information and information systems from unauthorized access, use, disclosure, disruption, modification or destruction.

Our cybersecurity framework consists of controls designed to identify, protect, detect, respond and recover from information and cyber security incidents. The framework defines risks and associated controls which are embedded in our processes and technology. Those controls are measured and monitored by a combination of subject matter experts and a security operations center with our integrated cyber detection, response and recovery capabilities. See "***Risk Factors – Cyber-attacks or other security breaches could have a material adverse effect on our business, results of operation or financial condition***" on page 34.

KEY REGULATIONS AND POLICIES IN INDIA

Given below is a summary of certain sector-specific relevant laws and regulations as prescribed by the Government of India or State Governments, which are applicable to our Company. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and is not exhaustive and shall not be treated as a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Key regulations applicable to our Company

Our Company is a Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company ("**NBFC-ND-SI**") registered with the RBI. Under the provisions of various Central Government and State Government statutes and legislations, our Company is required to obtain and regularly renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations. For information regarding regulatory approvals obtained by our Company, see "***Government and Other Approvals***" on page 374.

Reserve Bank of India Act, 1934 ("RBI Act")

The RBI is entrusted with the responsibility of regulating and supervising NBFCs by virtue of powers vested in Chapter IIIB of the RBI Act.

The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company and which is in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of institutions as the RBI may, with the previous approval of the Central Government, and by notification in the Official Gazette, specify.

In order to commence or carry out the business of a non-banking financial institution, an NBFC has to mandatorily obtain a certificate of registration from RBI pursuant to the RBI Act, and should have net owned fund of ₹2.5 million or such other amount, not exceeding ₹20 million, as the RBI may, by notification in the official gazette, specify.

Every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Further, no appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdrawal.

Additionally, NBFCs are also governed by various directions, circulars and guidelines issued by RBI from time to time.

Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as updated ("Master Directions")

Based on the type of liabilities incurred, NBFCs are categorized into, deposit taking NBFCs ("**NBFCs-D**"), and non-deposit taking NBFCs ("**NBFCs–ND**"). Further, NBFCs-ND are categorised into systemically important and other non-deposit taking NBFCs, based on certain quantitative thresholds and the kind of activity they conduct. Within this broad categorization the different types of NBFCs are (a) NBFC - investment and credit companies, (b) NBFC - infrastructure finance companies, (c) NBFC - systemically important core investment companies, (d) infrastructure debt funds - NBFC, (e) NBFC - micro finance institutions, (f) NBFC – factors, (g) NBFC - mortgage guarantee companies, (h) NBFC - non-operative financial holding companies, (i) NBFC – account aggregator and (j) NBFC – peer to peer lending platform.

The RBI had issued the Master Directions dated September 1, 2016 (updated as on August 2, 2019) which apply to NBFCs who are systemically important NBFCs. These directions apply to the following categories of NBFCs:

(i) every NBFC-ND-SI registered with the RBI under the provisions of RBI Act;

(ii) every NBFCs - D registered with the RBI under the provisions of RBI Act;

(iii) every NBFC - factor registered with the RBI under section 3 of the Factoring Regulation Act, 2011 and having an asset size of ₹5,000 million and above;

(iv) every infrastructure debt fund NBFC registered with the RBI under the provisions of RBI Act;

(v) every NBFC – micro finance institutions registered with the RBI under the provisions of RBI Act and having an asset size of ₹5,000 million and above; and

(vi) every NBFC – infrastructure finance company registered with the RBI under the provisions of RBI Act and having an asset size of ₹5,000 million and above.

"Net assets" are defined as total assets other than cash and bank balances and money market instruments.

NBFC-ND-SI means an NBFC not accepting or holding public deposits and having total assets of ₹5,000 million and above as shown in the last audited balance sheet.

Corporate Governance

Constitution of committees: All NBFC-ND-SIs are required to constitute the following committees:

(i) Audit committee consisting of not less than three members of its board of directors;

(ii) Nomination committee to ensure 'fit and proper' status of proposed/ existing directors; and

(iii) Risk management committee to manage the integrated risk beside the asset liability management committee.

Fit and proper criteria: All NBFC-ND-SIs are required to (a) maintain a policy approved by the board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continual basis according to the guidelines prescribed under Master Directions; (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the Master Directions; (c) obtain a deed of covenant signed by directors, in the format prescribed under the Master Directions; and (d) furnish to the RBI a quarterly statement on change of directors and a certificate from the managing director of the NBFC-ND-SIs stating that fit and proper criteria in selection of the directors has been followed and the statement for quarter ended March 31 should be certified by the statutory auditor.

All NBFC-ND-SIs are required to place before the board of directors, at regular intervals, as may be prescribed by the board of directors, the following:

(i) Progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC-ND-SI.

(ii) Conformity with corporate governance standards including composition of committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions etc.

All NBFC-ND-SIs shall rotate the partners of the chartered accountant firm conducting the audit, every three years so that the same partner shall not conduct audit of such NBFC – ND- SI continuously for more than three years.

All NBFC-ND-SIs shall frame their internal guidelines on corporate governance with the approval of their board of directors, which shall be published on such NBFC – ND- SI's website.

In addition, NBFCs with asset size of more than ₹ 50,000 million in categories - investment and credit companies, infrastructure finance companies, micro finance institutions, factors and infrastructure debt funds are required to appoint a chief risk officer ("**CRO**") with clearly specified role and responsibilities. The CRO is required to function independently so as to ensure highest standards of risk management.

Acquisition or transfer of control

NBFC-ND-SIs are required to obtain prior written permission of RBI for, (a) any takeover or acquisition of control, which may or may not result in change in management, (b) any change in the shareholding of the NBFC-ND-SI, including progressive increases over time, which would result in acquisition or transfer of shareholding of 26% or more of the paid-up equity capital of the NBFC – ND - SI except for any shareholding going beyond

26% due to buyback of shares or reduction in capital where it has approval of a competent court where such buyback has to be reported within one month, and (c) any change in the management of the NBFC-ND-SIs which results in change in more than 30% of the directors, excluding independent directors, except in case of directors who get re-elected on retirement by rotation.

Capital Adequacy Requirements

NBFC-ND-SIs are required to maintain a capital to risk ratio consisting of tier I and tier II capital which should not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The tier I capital in respect of such NBFCs, at any point of time, shall not be less than 10%.

Asset Classification Norms applicable to our Company while operating as an NBFC-ND-SI:

Every NBFC-ND-SI shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realization, classify its lease/ hire purchase assets, loans and advances and any other forms of credit into the following classes, namely:

(i) standard assets;

(ii) sub-standard assets;

(iii) doubtful assets;

(iv) loss assets; and

(v) non-performing assets

The class of assets referred to above shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgradation.

(i) A "standard asset" means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;

(ii) A "sub-standard asset" means (a) an asset which has been classified as non-performing asset for a period not exceeding 18 months. Provided that the period 'not exceeding 18 months' stipulated in this sub-clause shall be 'not exceeding 16 months' for the financial year 2016; 'not exceeding 14 months' for the financial year 2017; and 'not exceeding 12 months' for the financial 2018 and thereafter; (b) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms. Provided that the classification of infrastructure loan as a sub-standard asset shall be in accordance with the provisions of the Master Directions;

(iii) A "doubtful asset" means:

(a) a term loan, or

(b) a lease asset, or

(c) a hire purchase asset, or

(d) any other asset.

Which remains a sub-standard asset for a period 'exceeding 18 months' for the financial year 2015; 'exceeding 16 months' for the financial year 2016; 'exceeding 14 months' for the financial year 2017 and 'exceeding 12 months' for the financial year 2018 and thereafter.

(iv) A "loss asset" means:

(a) an asset which has been identified as loss asset by the NBFC or its internal or external auditor or by RBI during the inspection of the NBFC, to the extent it is not written off by the NBFC; and

(b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

(v) A “non-performing asset” means:

(a) an asset with overdue interest for a period of six months or more;
(b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more;
(c) a demand or call loan, which has remained overdue for a period of six months or more from the date of such demand or call or on which interest has remained overdue for a period of six months or more;
(d) a bill which has remained overdue for a period of six months or more;
(e) the interest in respect of a debt or the income on receivables under the head ‘other current assets’, in the nature of short term loans/advances, which facility has remained overdue for a period of six months or more;
(f) any dues on account of sale of assets or services rendered or reimbursed of expenses incurred which has remained overdue for a period of six months or more;
(g) any lease rental and hire purchase installment which are overdue for a period of 12 months or more; or
(h) any outstanding balance in respect of loans, advances and other credit facilities, including accrued interest, if any, in relation to the same borrowed/ beneficiary if any of its credit facilities as specified herein have become non-performing assets, except in case of lease and hire purchase transactions, where each account should be classified on the basis of record of recovery.

However, the period of ‘six months or more’ for points (a) to (f) in the paragraph, shall be ‘five months or more’ for the financial year 2016, ‘four months or more’ for the financial year 2017 and ‘three months or more’ for the financial year 2018 and thereafter. Further, the period of ‘twelve months or more’ referred to in point (g) above shall be, ‘nine months or more’ for the financial year 2016, ‘six months or more’ for the financial year 2017, and ‘three months or more’ for the financial year 2018 and thereafter.

Provisioning requirement

After considering the time lag between an account becoming non-performing, NBFC-ND-SIs are required to make provision against sub-standard assets, doubtful assets and loss assets, as mentioned in the Master Directions. An NBFC-ND-SI, should also take into account the recognition of such asset as becoming non-performing, the realization of security and the erosion over time in the value of security charged.

*Private placement of non-convertible debentures (“**NCD**”)*

NCD issuances by NBFC-ND-SIs, with maturity of more than one year are governed by the guidelines on private placement of NCDs as prescribed under the Master Directions. Such NBFCs are required to put in place a board approved policy for resource planning which, among other things, shall cover the planning horizon and the periodicity of private placement. An NBFC can issue debentures only for deployment of funds on its own balance sheet and not to facilitate resources requests of group/ parent/ associate entities;

*Asset liability management (“**ALM**”)*

The Master Directions, in form of ALM guidelines, prescribe the formulation of an ALM system by NBFCs with asset base of ₹1,000 million or more. The ALM guidelines require NBFCs to put in place a strong management information system. For quick analysis and consolidation of data, the management information system shall be computerized and shall make use of specialized software for managing the assets and liabilities with respect to the maturity mismatches, and the various risks associated with such mismatches, as a pre-requisite for putting in place the ALM system.

These guidelines require an upgradation in the risk management of NBFCs. Under the ALM guidelines, the prudential limits for negative liquidity gaps in time buckets of 1 to 30/31 days has been fixed at 15% of the cash outflows of each time-bucket and for cumulative gap up to the one year period has been fixed at maximum of 15% of the cumulative cash outflows up to one year period. NBFCs, however, are expected to monitor their cumulative mismatches (running total) across all time buckets by establishing internal prudential limits with the approval of the board / management committee.

For the interest rate gaps in various time buckets, the prudential limits have to be fixed by the board / management committee of the NBFC. Such prudential limits should have a relationship with the total assets, earning assets or equity

Entry of NBFC into insurance sector

NBFCs may undertake insurance agency business on fee basis and without risk participation, without RBI's approval, only when they strictly adhere to the Master Directions. Accordingly, an NBFC shall necessarily obtain permission from Insurance Regulatory and Development Authority ("**IRDAI**") for acting as 'composite corporate agent' and adhere to the rules and regulations prescribed by IRDAI in this regard. There should be no linkage between provision of these services, which are to be provided to the customers on a voluntary basis, by the NBFC and the financial services being provided by the NBFC.

Regulation of excessive interest charged by NBFCs

The board of each NBFC-ND-SI shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter. The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is any change in the rates of interest. The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Fair practices code for NBFCs

All NBFCs covered under the Master Directions having customer interface are required to adopt a fair practices code. The Master Directions stipulate the form and manner of applications to be made for procuring loans; terms and conditions of the loans; manner of disbursement of loans; and prescribes general conditions on the manner of recovery of loans. The board of directors of the Company are required to lay down a grievance redressal mechanism and all NBFCs are required to display the contact details of the grievance redressal officer on their website and at their branches. Further, as a measure of customer protection and in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, NBFCs shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers. All NBFCs are required to adopt an interest model taking into account relevant factors such as cost of funds, margin and risk premium. The rate of interest and reasons for charging differential interest is required to be disclosed to the borrower. For recovery of loans, NBFCs should not resort to undue harassment. NBFCs shall also ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

Further, RBI has notified the 'relaxation of guidelines of NBFCs on securitisation transactions' on November 29, 2018, applicable till December 31, 2019, with respect to the Master Directions. The minimum holding period requirement for originating NBFCs securitising / assigning their eligible assets has now been relaxed, in respect of loans of original maturity above five years, to receipt of repayment of six monthly instalments or two quarterly instalments (as the case may be) subject to adherence of minimum retention requirement for such securitisation / assignment transactions to at least: (i) 20% of the book value of the loans being securitised; or (ii) 20% of the cash flows from the assets assigned.

Managing risks and code of conduct in outsourcing of financial services by NBFCs

Master directions specify the activities that cannot be outsourced and provide the basis for deciding materiality of outsourcing. They mandate the supervisory requirements and risk management practices to be complied by every NBFC before outsourcing its activities.

Master Circular on Credit Card, Debit Card and Rupee Denominated Co-branded Pre-paid Card Operations of Banks and Credit Card issuing NBFCs, issued by RBI dated July 1, 2015 ("Master Circular on Credit Cards")

The Master Circular on Credit Cards prescribes a framework of rules, regulations, standards and practices for the credit, debit and prepaid card issuing banks and to the credit card issuing NBFCs to ensure their alignment with the best customer practices. The RBI reserves the right to impose any penalty on NBFCs under the provisions of the RBI Act, for violations under the Master Circular on Credit Cards.

Issue of cards

(i) NBFCs with a net worth of ₹1,000 million or above can undertake credit card business without seeking prior approval of the RBI. Additionally, banks and NBFCs desirous of setting up separate subsidiaries for undertaking credit card business would require prior approval of the RBI. Each NBFC is required to have a well-documented policy and a fair practices code for credit card operations incorporating all relevant guidelines issued by the RBI guidelines in this regard, and such code should be made available on the NBFC's website.

(ii) NBFCs should ensure prudence while issuing credit cards and independently assess the credit risk while issuing cards to persons, especially to students and others with no independent financial means. In case of rejection, they should convey the main reason(s), which have led to the rejection in writing.

(iii) The terms and conditions for issue and usage of a credit card should be mentioned in clear and simple language (preferably in English, Hindi and the local language). The most important terms and conditions ("**MITCs**") should be highlighted separately to the prospective customer at all the stages of the card issue process.

(iv) In case of NBFCs offering any insurance cover to the cardholders, the NBFCs may obtain in writing the details of the nominee(s) from the cardholders and may ensure that such details are recorded by the insurance companies. Further, NBFCs may issue a letter intimating the cardholder of the general information and contact details of the insurance company, which will handle the claims relating to the insurance cover.

Interest rates and other charges

NBFCs are required to prescribe a ceiling rate of interest, inclusive of processing and other charges. If the payment/default history acts as a variable for amount of interest to be charged by the NBFC, proper transparency should be maintained in levying such differential interest rates. The cardholder should be duly informed of such policy being levied by the NBFC, in furtherance of which, NBFCs should publish the interest rates charged to various categories of customers on their websites. Method of calculation of finance charges should be communicated to the cardholder(s), especially in situations where a part of the amount outstanding is only to be paid by such cardholder(s).

Further, the Master Circular for Credit Cards prescribe guidelines to be adhered to by the NBFCs in relation to interest rates and other charges on credit cards. These, include, amongst others, duties in respect of, (a) dispatching of bills and customer acknowledgement mechanism; (b) quoting of annualized percentage rates and late payment charges (including the method of calculation); (c) notice to be given with respect to making of minimum payment each month and the resultant stretch in the repayment; (d) uniform method of determining over-due status for credit card accounts while reporting to credit information companies; (e) disclosure with respect to loss of free credit period in the MITCs; (f) levy of penal charges; (g) prospective changes in charges; (h) surrender of credit cards; and (i) transparency to be maintained while issuing credit cards free of charge during first year.

*Use of direct sales agent ("**DSA**")/direct marketing agents ("**DMA**")*

In case of outsourcing of credit operations by NBFCs to DSAs and DMAs, NBFCs need to apply caution and shall ensure that there is no compromise in quality of customer services as a result of such appointment and outsourcing. To ensure privacy of customers and confidentiality of their records, NBFCs should adhere to fair practices in debt collection and should ensure that the DSAs and DMAs appointed by them strictly adhere to the NBFC's code of conduct for credit card operations. Further, NBFCs should substantially ensure that the DSAs and DMAs are adequately trained especially in respect of the matters pertaining to privacy of customers.

Confidentiality

No information relating to customers, obtained at the time of issuing of the credit card should be revealed to any third party, except with clear and specific consent from the customer. The provision for grant of such consent and the consequences of the disclosure shall be mentioned in the application form for credit card. No information sought should violate any legal provision pertaining to secrecy in transactions. NBFCs will be solely responsible for correctness of the data provided.

Further, only a limited disclosure of data should be made to the DSAs or any other recovery agents. No personal information that has been provided by the customer, which lacks any significance or correlation to the operation of recovery to be made by the DSAs or DMAs should be disclosed by the NBFC. It is the duty of the NBFC to ensure that the DSAs and DMAs do not transfer or misuse any customer information during marketing of credit card products.

Fair practice in debt collection

NBFCs and their respective agents are required to strictly adhere to the fair practice code for lenders. In case NBFCs have their own code for collection of dues, they should, incorporate all the terms of the Banking Codes and Standards Board of India’s code of bank’s commitment to customers. NBFCs should maintain the decorum and sanctity of their reputation while appointing third parties for debt collection. These debt collection agents should strictly maintain customer confidentiality. All letters issued by recovery agents must contain the name and address of a responsible senior officer of the NBFC whom the customer can contact at his location.

NBFCs and their recovery agents should abstain from any intimidation or harassment of any kind, against any person during debt collection operations. No anonymous or threatening calls, false and misleading representations shall be used as a recovery tool. NBFCs should also ensure to comply with extant guidelines in respect of engagement of recovery agents issued by RBI, from time to time.

Issue of unsolicited cards/facilities

The Master Directions on Credit Cards prohibit issue of unsolicited cards and offers of unsolicited loans or other credit facilities. NBFC should not unilaterally upgrade credit cards and enhance credit limits. Prior consent of the borrower should be taken whenever there are any changes in terms and conditions. In case any unsolicited cards are issued and activated without prior written consent of the recipient and such recipient is billed for the same, or if any unsolicited credit facility is extended without the consent of the recipient, and such recipient objects to it, the NBFC shall reverse the charges or withdraw the facility, as the case may be, and pay penalty. Penalty in case of unsolicited cards shall be, without demur to the recipient, twice the value of the charges reversed. Further, under the provisions of Banking Ombudsman Scheme, 2006, such recipient may approach the banking ombudsman to seek redressal.

Any misuse of an unsolicited card shall be the sole responsibility of the NBFC. There needs to be a clear, specific and written consent of the customer to avail either the card or the facilities accruing out of it.

Redressal of grievances

NBFCs should constitute grievance redressal machinery and publicise it through electronic and print media. The name and contact number of designated grievance redressal officer of the NBFC should be mentioned on the credit card bills. Further, NBFCs should ensure that their call centre staff is trained adequately to competently handle all customer complaints. The grievance redressal procedure of the NBFC and the period fixed for responding to the complaints should be made available on the NBFC's website. If, any complaint is made and within a period of 30 days of lodging the complaint, the complainant does not get a satisfactory response from the NBFC, which is a subsidiary of a bank, then the complainant shall have the option to approach the office of the concerned banking ombudsman for redressal of his/her grievance. Such NBFC shall be liable to compensate the complainant for both, expenses and financial losses and harassment and mental anguish suffered, if any, by such complainant due to non-redressal of the complaint within time.

Internal control and monitoring systems

The standing committee on customer service in each NBFC should review the credit card operations including reports of defaulters to a credit information company, as specified, and take measures to improve the services and ensure the orderly growth in the credit card operations. NBFCs should put up detailed quarterly analysis of credit card related complaints to their top management and have in place a suitable monitoring mechanism to check the genuineness of merchant transactions. Further, NBFCs should prepare and place before their boards/management committee a comprehensive review report on credit card business on half-yearly basis as at the end of September and March of each accounting year, which should cover essential data on credit card business, such as category and number of cards issued and outstanding, number of active cards, average turnover per card, number of establishments covered, average time taken for recovery of dues from the card holders, details of frauds on credit cards, steps taken to recover the dues, profitability analysis of the business, etc.

Fraud control – security and other measures

NBFCs should set up internal control systems to combat frauds and actively participate in fraud prevention committees/ task forces, which formulate laws to prevent frauds and take proactive fraud control and enforcement measures. The guidelines on *Know Your Customer (KYC) Norms, Anti-Money Laundering (AML) Standards, Combating of Financing of Terrorism (CFT), Obligation of NBFCs under Prevention of Money Laundering Act, 2002* issued by the RBI from time to time should be adhered, to the extent applicable, to all cards issued by the NBFCs.

NBFCs registered with RBI are not allowed to undertake credit card business without prior approval of RBI. Any company including a non-deposit taking company intending to engage in this activity requires a certificate of registration, apart from specific permission to enter into this business, the pre-requisite for which is a minimum net owned fund of ₹1,000 million and subject to such terms and conditions as the RBI may specify in this behalf from time to time. NBFCs are not permitted to issue debit cards, smart cards, stored value cards, charge cards, etc.

IRDA (Registration of Corporate Agents) Regulation, 2015

These regulations govern corporate agents and prescribe code of conduct and compliances for corporate agents who undertake functions as distributors of insurance products. These regulations broadly set out the procedures and eligibility criteria in relation to the application for seeking registration as a corporate agent. A corporate agent is permitted to act as a corporate agent for a maximum of three insurance companies in each life, general and health insurances and is required to have a board approved policy on the same. Every corporate agent is required to adhere to a code of conduct on soliciting and servicing of insurance policies as prescribed by the regulations.

Terms and Conditions for the Other Service Provider (OSP) Category issued by Department of Telecommunications ("DoT")

These terms and conditions dated August 5, 2008, as amended, govern Other Service Providers (**"OSPs"**), which are defined as companies providing services such as tele-banking, tele-medicine, tele-education, tele-trading, e-commerce, call centre, network operation centre and other information technology enabled services, by using telecom resources provided by authorised telecom service providers. These regulations broadly set out the general and technical conditions of registration as an OSP. These terms and conditions prohibit any assignment or transfer of the registration without prior written consent of the DoT. The validity of the registration shall typically be 20 years from the date of issue, and maybe extended by 10 years at one time, provided the application is made in the manner prescribed therein.

Guidelines for Telemarketers issued by DoT ("Telemarketer Guidelines")

Telemarketers Guidelines are applicable to any entity engaged in the activity of telemarketing and includes, any activity for the purpose of soliciting or promoting any commercial transaction in relation to goods, investment or services, through transmission of any message through telecommunication services. Telemarketers are bound to obtain registration from DoT to function as telemarketers. This registration is valid for a period of 10 years. Telemarketers Guidelines prescribe various conditions for operation of telemarketers, including, amongst other things, the requirement for telemarketers to obtain telecom resources only from licensed telecom service providers, prohibition on transfer of registration, requirement to take necessary measures to prevent communication of any objectionable, obscene or unauthorized content. The registration of telemarketers is terminable in case of non-adherence to the Telemarketers Guidelines.

Telecom Commercial Communications Customer Preference Regulations, 2018 ("Telecom Regulations")

The Telecom Regulations have replaced the erstwhile Telecom Commercial Communications Customer Preference Regulations, 2010. According to Telecom Regulations, the term "commercial communications" circumscribes any such communication by means of voice call, messages or through other means of telecommunication, wherein the primary purpose is to solicit business. An unsolicited commercial communication means any such commercial communication made to any person without their consent or their registered preference. Telecom Regulations mandate registration with an access provider for an entity to be able to make unsolicited commercial communications. It further castes a responsibility on the access providers to develop an ecosystem to regulate the delivery of commercial communications by its registered subscribers.

Master Directions - Foreign Investments in India, issued by RBI dated January 4, 2018 (updated as on March 8, 2019) read with Consolidated FDI Policy Circular of 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, dated August 28, 2017 ("FDI Policy")

Foreign investment into NBFCs, carrying on activities approved for FDI, will be subject to the conditions specified in paragraph 5.2.26 of the FDI Policy and foreign investment of up to 100% is permitted under the automatic route.

Further, foreign investment of up to 100% is permitted under the automatic route for OSPs (defined hereinafter).

Anti- money laundering

The Prevention of Money Laundering Act, 2002 and Master Direction – Know Your Customer (KYC) Direction, 2016

The Prevention of Money Laundering Act, 2002 ("**PMLA**") was enacted to prevent money-laundering and to provide for confiscation of property derived from or involved in, money-laundering and for matters connected therewith or incidental thereto. The Government of India under PMLA has issued the Prevention of Money Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as amended ("**PML Rules**"). PMLA & PML Rules extends to all banking companies and financial institutions, including NBFCs.

Further, the RBI had issued the Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016 (updated as of August 9, 2019) to follow certain customer identification procedure while undertaking a transaction. These directions are applicable to every entity regulated by RBI specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. Every entity regulated thereunder shall duly adopt a KYC policy which has four elements, namely, customer acceptance policy; risk management policy; customer identification procedures; and monitoring of transactions. The NBFCs shall ensure compliance with the KYC policy through specification of who constitutes 'senior management' for the purpose of KYC compliance; allocation of responsibility for effective implementation of policies and procedures; independent evaluation of policies in place; an internal audit system; and submission of quarterly audit and compliance to the audit committee.

Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 ("Monitoring of Frauds - Master Directions")

The RBI had issued the Monitoring of Frauds - Master Directions dated September 29, 2016, which are applicable to all deposit taking NBFCs and NBFC-ND-SIs. All NBFCs covered under these master directions shall put in place a reporting system for recording of frauds. All frauds are required to be reported to the frauds monitoring cell or regional offices of the department of non-banking supervision. All frauds reported in the company shall be disclosed in their balance sheets. Fraud reports are required to be submitted to the central fraud monitoring cell of the RBI in case amount of fraud ₹10 million and above. In cases where the amount of fraud is less than ₹10 million, reports shall be sent to the regional office of the department of non-banking supervision of the RBI. All NBFCs covered under Monitoring of Frauds – Master Directions shall submit a copy of quarterly reports on frauds outstanding to the regional office of the RBI within 15 days of each quarter.

Master Direction – Non – Banking Financial Company Returns (Reserve Bank) Directions, 2016, dated September 29, 2016

The direction lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-SI.

Master Directions – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, dated September 29, 2016 ("Auditor's Report Master Directions")

Auditor's Report Master Directions are applicable to auditors of all NBFCs. In addition to the reports to be furnished under Companies Act, the auditors of NBFCs are mandated to provide a report as prescribed under Auditor's Report Master Directions. While matters pertaining to all NBFCs are covered under section 3(A) of

Auditor's Report Master Directions, matters specifically pertaining to NBFCs-ND are mentioned in section 3(C). The report furnished by the auditors under Auditor's Report Master Directions shall include, amongst other things, if the NBFC has obtained the certificate of registration from the RBI to operate as an NBFC, clarification with respect to correctness of the capital adequacy ratio mentioned in the return submitted to RBI, status of furnishing of annual statement of capital funds, risk assets/exposures and risk asset ratio by NBFCs to the RBI and passing of resolution by the board of the NBFCs for non-acceptance of deposits from public. Every NBFC shall submit a certificate that is engaged in the business of being an NBFC and it holds a valid certificate of registration issued by the RBI.

Master Direction- Information Technology Framework for the NBFC Sector dated June 8, 2017 ("IT Master Directions")

IT Master Directions pertain to enhancement of safety and security of, amongst other things, information technology framework, disaster recovery management and information technology audit. All NBFCs are required to formulate an action plan to address the gaps in the aforementioned frameworks by conducting a formal gap analysis. The IT Master Directions provide guidelines on, amongst other things, information technology governance, information technology policy, business continuity planning and outsourcing of information technology services.

The IT Master Directions are categorised into two parts – those which are applicable to all NBFCs with asset size above ₹5,000 million (considered systemically important) are provided in the section A , and for NBFCs with asset size below ₹5,000 million are provided in the section B.

The Banking Ombudsman Scheme, 2006, as amended up to July 1, 2017 ("Ombudsman Scheme")

The Ombudsman Scheme is applicable to all schedules commercial banks, regional rural banks and scheduled primary co-operative banks along with their subsidiaries, to the extent applicable. Accordingly, our Company, as a subsidiary of SBI, is covered under the Ombudsman Scheme, to the extent applicable. The Ombudsman Scheme provides the extent and scope of the authority and functions of the banking ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters. On July 1, 2017, the Ombudsman Scheme was amended to widen the scope of the scheme and now permits customer(s) to lodge a complaint against the bank for non-adherence to RBI instructions with regard to mobile banking/electronic banking services. The amended Ombudsman Scheme also provides for revised procedures for redressal of grievances by a complainant under the Ombudsman Scheme and increases the pecuniary jurisdiction of the Banking Ombudsman. The Banking Ombudsman receives and considers complaints relating to the deficiencies in banking or other services filed on the grounds mentioned therein and facilitates their satisfaction or settlement by agreement or through conciliation and mediation between the bank concerned and the aggrieved parties or by passing an Award in accordance with the Ombudsman Scheme.

The Ombudsman Scheme for Non-Banking Financial Companies, 2018 ("NBFC Ombudsman Scheme")

The NBFC Ombudsman Scheme is applicable to all NBFCs having customer interface with an asset size of ₹ 1,000 million or more. Under the NBFC Ombudsman Scheme, a complaint can be filed against an NBFC for deficiency in services in relation to, among other things, non-observance of directions issued by RBI to NBFCs or non-adherence to any other provisions of fair practices code applicable to NBFCs. The ombudsman may require the NBFC to provide any information or furnish a certified copy of any document in relation to the complaint, however, the ombudsman is required to maintain proper confidentiality of the information or document(s) so provided. The ombudsman may issue awards directing performance and payment of any compensatory amount by the NBFC to the complainant. The amount so payable shall not exceed the amount of total loss suffered, or ₹ 1 million, whichever is lower. The ombudsman may also award compensation not exceeding ₹ 0.10 million to the complainant, taking into account the loss of time, expenses incurred and harassment and mental anguish suffered by the complainant. All NBFCs covered under the NBFC Ombudsman Scheme shall ensure that material particulars of the NBFC Ombudsman Scheme and the contact details of the ombudsman to whom the complaints are to be made by the aggrieved party are displayed prominently in all the offices and branches of the NBFC. Such NBFCs shall also appoint nodal officers at either of their offices, as envisaged under the NBFC Ombudsman Scheme.

Payment and Settlement Systems Act, 2007 ("PSS Act")

The PSS Act provides for the regulation and supervision of payment and settlement systems in India and designates the RBI as the authority for that purpose and all related matters. Any person or entity desirous of commencing or operating a payment system needs to apply to the RBI for authorization under the PSS Act. The PSS Act covers matters such as form of application for authorization for commencing/ carrying on a payment system and grant of authorization, payment instructions and determination of standards of payment systems, furnishing of returns, documents or other information, furnishing of accounts and balance sheets by system provider etc.

The Information Technology Act, 2000 ("IT Act")

The IT Act has been enacted to provide legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication. Additionally, the IT Act also provides for civil and criminal liabilities including fines and imprisonment in case of infringements. These include offences relating to unauthorized access to computer systems. It creates liability for failure to protect sensitive personal data and gives protection to intermediaries in respect of third party information liability. The IT Act creates liability on a body corporate which is negligent in implementing and maintaining reasonable security practices and procedures, and thereby causing wrongful loss or wrongful gain to any person, while possessing, dealing or handling any sensitive personal data or information in a computer resource owned, controlled or operated by it.

The Department of Information and Technology under the Ministry of Communications & Information Technology, Government of India, has notified the Information Technology (Reasonable Security Practices and Procedures and Sensitive personal Data or Information) Rules 2011 ("**Data Privacy Rules**") which give directions for the collection, disclosure, transfer and protection of sensitive personal data by a body corporate or any person acting on behalf of a body corporate. The Data Privacy Rules also require the body corporate to provide a privacy policy for handling and dealing on personal information, including sensitive personal data. According to the Data Privacy Rule, the sensitive personal data shall not be disclosed by the body corporate to any third party without obtaining prior permission from the provider.

Further, the Personal Data Protection Bill, 2018 ("**Data Protection Bill**") seeks to create a framework for implementing organisational and technical measures in processing personal data. The Data Protection Bill also seeks to lay down norms for cross-border transfer of personal data and to ensure the accountability of entities processing personal data. The Data Protection Bill also provides remedies for unauthorised and harmful processing, and proposed to establish a Data Protection Authority for overseeing data processing activities.

Other Regulations

In addition to the above, our Company is required to comply with the provisions of the Companies Act, FEMA, RBI guidelines on securitisation of standard assets, Insolvency and Bankruptcy Code, 2016, intellectual property laws, labour laws, various tax related legislations and other applicable statutes for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as "SBI Cards and Payment Services Private Limited" on May 15, 1998, as a private limited company under the Companies Act, 1956, at New Delhi, with a certificate of incorporation granted by the RoC. On the conversion of our Company to a public limited company, pursuant to a special resolution passed by our shareholders on August 2, 2019, our name was changed to, "SBI Cards and Payment Services Limited" and a fresh certificate of incorporation dated August 20, 2019 was issued by the RoC.

Our Company was registered as a non-public deposit taking NBFC pursuant to a certificate of registration (bearing number No. 14.01328) dated October 6, 1998, issued by the RBI. Pursuant to a change in name of the Company and conversion from a private company to a public company, a certificate of registration (bearing number No. 14.01328) dated November 13, 2019 was issued by the RBI.

Changes in the Registered Office

At the time of incorporation of our Company, our registered office was located at 11 Sansad Marg, Parliament Street, New Delhi, 110 001, India. Details of subsequent changes in the registered office of our Company are as set out below:

Effective date	Details of change	Reasons for change
March 15, 2013	The address of the registered office of our Company was changed from 11 Sansad Marg, Parliament Street, New Delhi, 110 001, India to Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower, E – 1,2,3, Netaji Subhash Place, Wazirpur, New Delhi, 110 034, India.	Due to operational convenience

Our main objects

The main objects of our Company as contained in our Memorandum of Association are:

"*1. To carry on the business of issue and development of credit cards, debit cards, smart cards, stored value cards, charge cards, and any other payment, products such as travellers cheques – domestic/ international, gift vouchers etc of every description and by whatever name called for use in India or any other country outside India and development of such business in India either on its own or in collaboration/ association with other organisations – Indian or International and for this purpose, identifying and entering into an agreement, either individually or as a member of an Association of persons with any shop, store, wholesale dealer, retail outlet restaurant, eating house, hotel lodge, travel agent, and any other merchant establishment, whether incorporated or not, of any other person engaged in conducting, organizing sponsoring or managing any tournament, play, show, programmer or any other vent of any description, for the purpose of providing credit facilities, discount or any other service as per rules and regulation stipulated in the said agreement, to any person whether incorporated or not, who agrees to be a member of subscriber to any credit card or any other payment product of every description developed and issued by the company and in connection with the same, assuming an absolute responsibility of making the payment to the vendor of the amount due to him in respect of this credit facility, discount, or service provided to the said subscriber of the payment product and the collection of the receivables arising there from in consideration for a subscription fee and interest, to be computed in accordance with the terms of issue of the said credit card or payment product*

2. To establish payment product centres at such places in India and abroad where SBI is having or will have branches or at such places as the company may deem expedient

3. To carry on the business of acting as an insurance agent for Indian Issuer and to receive payment by way of commission or other remuneration in consideration for soliciting or procuring Insurance business including business relating to the continuance renewal or revival of policies of insurance to enter into arrangements with Indian Issuer or other in relation to the agency of insurance..

4. To undertake and engage in the business of identifying and entering into appropriate arrangements, either individually or as a member of an association of persons with any shop, store, wholesale dealer, retail outlet, shopping mall, restaurant, eating house, hotel, lodge, and any other merchant establishment including internet merchants whatsoever in India or overseas to make available payment card payment facilities (acquiring) To *its customers at such merchant establishment, through internet payment gateways or through placing of electronic data capture terminals, printers, other peripherals and accessories including pin cards and necessary software to run the devices in respect of or in connection with or with regards to all the devices owned or provided by the company or the merchant and located at such merchant's establishment(s) and to establish, formulate, provide and manage appropriate authorization systems ass may be developed and used by the company from time to time, for the purpose of processing of credit card, debit card. Smart card, store value card, charge card and any other similar card product transaction through such terminals placed at the merchant's establishment(s) or extend any other related services such as loyalty, instalment programs, ticketing, utility payment, to pups, bilateral arrangements, mall order, telephone order or any other similar services using such infrastructure on such terms and conditions and at such locations as may be determined by the company from time to time.*

5. *To carry on the business of providing all kinds of business process management services in India or outside India to businesses, organizations, concerns, firms, corporations, trusts, local bodies, states, governments and other entities, including rendering and providing financial and related services of all kinds and description, billing services, processing services, business support services, database services, data entry business – marketing services, all types of business information and business management services, training and consultancy services and carry on the business of gathering, collating, compiling, processing, analysing, distributing, selling, publishing data and information including conduct of studies and research, and marketing of information and services and providing access to information regarding financial operations and management, business and commercial operations, financial status, credit worthiness, consumer responses and management of businesses of all kinds and descriptions by whatever name called subject to applicable laws.*

6. *To carry on the business of providing the business process management services for all businesses operating in India or overseas whether incorporated in India or outside for their processes in India or overseas such as but not limited to inventory, embossing, fraud control and tracking, transaction processing, authorizations, 'credit processing, collections including recovery of customer servicing for credit cards, charge cards, debit cards, stored value cards, smart cards, value added cards and such other payment products whether based on the issuance through card or otherwise ("Payment Products"), servicing establishments on behalf of Payment Product issuers, contractual performance/fulfilment to Payment Product customers and establishments on behalf of Payment Product issuers, technology servicing including set up of payment product parameterisation implementation, acceptance, testing and identification of appropriate technical platform for Payment Product customer needs fulfilment, terminal placement, processing of EDC data, and other related activities, processing of establishment payments/receipts and Payment Product customers receipts/payments including identification and implementations controls, checks and balances, processing bank account management including reconciliation, customer account management, generation and dispatch of solicitation mailers (direct mail) based on data generated by Payment Product issuers. Customer payments and remittance management, including but not limited to packaging, mailing and posting or marketing materials to the customers and establishments, operationalization, implementation and execution of approval criteria and management or new account application processes, operationalizing the credit policy including but not limited to credit limit allocation, monitoring, enhancements and changes including temporary enhancement or limits, storage and retrieval or legal documents with customers and Establishments, operationalization of the risk management strategy, determinations floor limits including over-limit authorization, set up and determinations distribution networks for authorizations, and other related activities, customer servicing and responding to telephone, facsimile or written queries including establishment of telephone service centers for Payment Product customers and establishments, management of all issues, claims and resolutions of both Payment Product customers and establishments, creation, execution and administration of credit provision mode for Payment Products and establishments, maintaining such books and records in order to enable Payment Product issuers lo comply with applicable laws, bulk mail activity such as but not limited to, offers to customers, solicitation mailers, customer communications, periodic list of defaulters to establishments or other agencies and associations as may be determined from time to time, for credit and fraud control, management of information sharing or technical and operational bulletin's at internal and branch (even, generation of such reports as may be requested from time to time, creation and management of database (s), provide all supplies to establishments such as but not limited to working supplies, charges slips, imprinters, contracts, and other related materials, coordination with branches for undertaking the activities relating herein for the Payment Products business, collection of document, processing of charges and settlement with other member banks through the Payment Product associations such as Visa and Master Card, to allow Payment Product issuers on-line connectivity and access to their database (s) subject to applicable Laws, to provide to Payment Product issuer all documents in possession of the Company in respect of the Payment*

Produces as required by Payment Product issuer and to submit periodic reports as required by the Payment Product Associations.

7. *To design, develop, implement, provide, maintain, marker, buy, import, export, sell and license computer software, hardware, computer systems and programs products, services and to establish and operate data and information processing centres and bureaus and to render services to customers in India and elsewhere by processing their jobs at data processing centers and giving out computer machine time and to carry on the business of collecting, collating. storing, devising and other systems including software programs and systems or undertaking, developing, buying or otherwise acquiring ownership or license for collating, analysing and distributing publishing, disseminating data including but not limited to market data, information and other inputs relation to the financial services, financial money markets, investment services and other related activities including undertaking the work of credit investigation, market information, credit rating whether in India or outside India and to act as information technology consultants and to operate a high technology data processing centre for providing management processing, analysis, development, accounting and business information and data to customers in India or outside India.*"

Amendments to our Memorandum of Association

Set out below are the amendments to the Memorandum of Association of our Company in the last 10 years:

Date of shareholders' resolution/ Effective date	Details of amendment
September 27, 2010	The authorized share capital of our Company was increased from ₹ 8,000,000,000 divided into 800,000,000 Equity Shares of ₹ 10 each to ₹ 10,000,000,000 divided into 1,000,000,000 Equity Shares of ₹ 10 each.
July 11, 2018	Alteration of the heading of Part A of clause III of the Memorandum of Association by substituting with the following new heading: *" III A. The objects to be pursued by the company on its incorporation are:*"
	Amendment of clause III of the Memorandum of Association by merging Part B of clause III and Part C of clause III and substituting with the following new heading: "*III B. Matters which are necessary for furtherance of the objects specified in clause III(A) are:*"
	Amendment of clause IV of the Memorandum of Association by substituting with the following clause: "*IV. The liability of the Member(s) is limited, and this liability is limited to the amount unpaid, if any, on the shares held by them.*"
June 14, 2019	The authorized share capital of our Company of ₹ 10,000,000,000 divided into 1,000,000,000 Equity Shares of ₹ 10 each was sub-divided into ₹ 10,500,000,000 divided into 1,050,000,000 Equity Shares of ₹ 10 each.
	Amendment of clause III A of the Memorandum of Association by including the following clauses as our objects: "*5. To carry on the business of providing all kinds of business process management services in India or outside India to businesses, organizations, concerns, firms, corporations, trusts, local bodies, states, governments and other entities, including rendering and providing financial and related services of all kinds and description, billing services, processing services, business support services, database services, data entry business – marketing services, all types of business information and business management services, training and consultancy services and carry on the business of gathering, collating, compiling, processing, analysing, distributing, selling, publishing data and information including conduct of studies and research, and marketing of information and services and providing access to information regarding financial operations and management, business and commercial operations, financial status, credit worthiness, consumer responses and management of businesses of all kinds and descriptions by whatever name called subject to applicable laws.* *6. To carry on the business of providing the business process management services for all businesses operating in India or overseas whether incorporated in India or outside for their processes in India or overseas such as but not limited to inventory, embossing, fraud control and tracking, transaction processing, authorizations, 'credit processing, collections including recovery of customer servicing for credit cards, charge cards, debit cards, stored value cards, smart cards, value added cards and such other payment products whether based on the issuance through card or otherwise ("Payment Products"), servicing establishments on behalf of Payment Product issuers, contractual performance/fulfilment to Payment Product customers and establishments on behalf of Payment Product issuers, technology servicing including set up of payment product parameterisation implementation, acceptance, testing and identification of appropriate technical platform for Payment*

Date of shareholders' resolution/ Effective date	Details of amendment
	Product customer needs fulfilment, terminal placement, processing of EDC data, and other related activities, processing of establishment payments/receipts and Payment Product customers receipts/payments including identification and implementations controls, checks and balances, processing bank account management including reconciliation, customer account management, generation and dispatch of solicitation mailers (direct mail) based on data generated by Payment Product issuers. Customer payments and remittance management, including but not limited to packaging, mailing and posting or marketing materials to the customers and establishments, operationalization, implementation and execution of approval criteria and management or new account application processes, operationalizing the credit policy including but not limited to credit limit allocation, monitoring, enhancements and changes including temporary enhancement or limits, storage and retrieval or legal documents with customers and Establishments, operationalization of the risk management strategy, determinations floor limits including over-limit authorization, set up and determinations distribution networks for authorizations, and other related activities, customer servicing and responding to telephone, facsimile or written queries including establishment of telephone service centers for Payment Product customers and establishments, management of all issues, claims and resolutions of both Payment Product customers and establishments, creation, execution and administration of credit provision mode for Payment Products and establishments, maintaining such books and records in order to enable Payment Product issuers lo comply with applicable laws, bulk mail activity such as but not limited to, offers to customers, solicitation mailers, customer communications, periodic list of defaulters to establishments or other agencies and associations as may be determined from time to time, for credit and fraud control, management of information sharing or technical and operational bulletin's at internal and branch (even, generation of such reports as may be requested from time to time, creation and management of database (s), provide all supplies to establishments such as but not limited to working supplies, charges slips, imprinters, contracts, and other related materials, coordination with branches for undertaking the activities relating herein for the Payment Products business, collection of document, processing of charges and settlement with other member banks through the Payment Product associations such as Visa and Master Card, to allow Payment Product issuers on-line connectivity and access to their database (s) subject to applicable Laws, to provide to Payment Product issuer all documents in possession of the Company in respect of the Payment Produces as required by Payment Product issuer and to submit periodic reports as required by the Payment Product Associations. *7. To design, develop, implement, provide, maintain, marker, buy, import, export, sell and license computer software, hardware, computer systems and programs products, services and to establish and operate data and information processing centres and bureaus and to render services to customers in India and elsewhere by processing their jobs at data processing centers and giving out computer machine time and to carry on the business of collecting, collating. storing, devising and other systems including software programs and systems or undertaking, developing, buying or otherwise acquiring ownership or license for collating, analysing and distributing publishing, disseminating data including but not limited to market data, information and other inputs relation to the financial services, financial money markets, investment services and other related activities including undertaking the work of credit investigation, market information, credit rating whether in India or outside India and to act as information technology consultants and to operate a high technology data processing centre for providing management processing, analysis, development, accounting and business information and data to customers in India or outside India.*"
August 2, 2019	The authorized share capital of our Company of ₹ 10,500,000,000 divided into 1,050,000,000 Equity Shares of ₹ 10 each was sub-divided into ₹ 15,000,000,000 divided into 1,500,000,000 Equity Shares of ₹ 10 each.
	Amendment of the Memorandum of Association to change the name of the Company from "SBI Cards and Payment Services Private Limited" to "SBI Cards and Payment Services Limited" pursuant to conversion from a private company to a public limited company.

Major events and milestones

The table below sets forth some of the major events in the history of our Company

Calendar Year	Events and Milestones
1998	Incorporation of our Company and registration to act as a non-public deposit taking NBFC by RBI
1999	Launch of our website
2005	Registration to act as a corporate agent (composite) by IRDAI
2006	Launch of our white label card with Tata Sons Limited Launch of our co-branded credit card with IRCTC
2013	Launch of our co-branded card with Air India Launch of our EMV chip and pin enabled card
2014	Launch of our co-branded card with Fbb Launch of our mobile application
2016	Launch of our "SBI unnati" card
2017	Launch of "Project Shikhar" to introduce our credit cards to SBI customers

Calendar Year	Events and Milestones
	Exit of GE Capital from our Company and acquisition of its stake by both, SBI and CA Rover Launch of our co-branded card with BPCL
2018	Launch of our virtual assistant chatbot, 'Ask ILA' Launch of our co-branded card with Apollo Hospitals Enterprise Limited
2019	Amalgamation of SBIBPMSL with our Company Application for registration of our new logo under the Trademarks Act Launch of our co-branded card with Etihad Launch of our co-branded card with Allahabad Bank Launch of our co-branded card with OLA Money Conversion to a public limited company Launch of our "shaurya" card for defence personnel on the Rupay Network

Time/cost overrun

As on the date of this Draft Red Herring Prospectus, there have been no time/ cost overruns pertaining to our business operations.

Awards and Accreditations

Calendar Year	Awards and accreditations
2013	Awarded VISA Recognition, *"Best Issuing Institution"* for excellence in Fraud Risk Management, 2013
2014	Awarded *"AISA Outsourcing Excellence Award : Excellence in Customer Service"* as part of CMO Asia Awards 2014
2015	Awarded "*Gartner Global Eye on Innovation Award 2015*"
	Awarded *"Global Regulatory and Compliance GE Beliefs Award"* by General Electric Awarded *""Global Service Quality Award For Risk Efficiency-Domestic Issuer",* 2015 by VISA
2016	Awarded VISA Recognition *"Champion Security Award" South East Asia for Excellence in Fraud Risk Management- 2016*
	Awarded *"Compliance Team of the Year- Rest of the World"* by GRCI
	Awarded *"Global Quality Service Award For Authorisation Approval Rate-Card Not Present Commercial Issuer 2016*" by VISA
2017	Awarded *"Best Data Quality Awards-Consumer Bureau Category- NBFC",* 2017 by Transunion CIBIL
	Awarded "*Visa Service Quality Award For Authorization Approval Rate- Card Not Present, Commercial Issuer*", 2017 by VISA
2018	Awarded "*Best Loyalty Program in Financial Sector: Non-Banking – 2018*" under Customer Loyalty Awards
	Awarded *"Best Data Quality Awards- Consumer Bureau (NBFC)", 2018* as part of CIBIL Data Quality Awards 2018
	Awarded "*Corporate Excellence Gold Award for Compliance Innovation*" as a part of SKOCH Summit 2018
	Awarded *"VISA Global Service Quality Award for Pursuit of Excellence Global Fraud Rates 2018*" by VISA
	Awarded *"Financial Crime Compliance Team of the Year, Regulated Industries"* by Global Women in Compliance Awards London
	Awarded *"Learning Innovator Award,"* as part of GP Strategies Awards, 2018
	Awarded *"Corporate Excellence Gold Award"* for Compliance Innovation by Skoch Awards
	Awarded *"Order of Merit"* for Corporate Governance by Skoch Awards
	Awarded *"Order of Merit"* for Compliance by Skoch Awards
2019	Awarded "*Best Loyalty Program in Financial Sector: Non-Banking – 2019*" under Customer Loyalty Awards
	Awarded VISA Recognition *"Champion Security Award",* South East Asia for Excellence in Fraud Risk Management, 2019 as part of VISA Security Summit
	Awarded "*Gold Winner: Customer Service Department of the Year"* as part of Golden Bridge Awards, 2019
	Awarded "*Gold Winner: Customer Service Team of the Year"* as part of Golden Bridge Awards, 2019
	Awarded "*Silver Winner: Customer Service Outstanding Performance of the Year"* as part of *Golden Bridge Awards, 2019*
	Awarded *"Best Data Quality- Consumer Bureau amongst NBFCs 2019"* as part of Data Quality Awards 2019

Calendar Year	Awards and accreditations
	Awarded *"ACAMS AML Professional of the Month"* for January 2019 by ACAMS, US (Association of Certified Anti Money Laundering Specialists)
	Awarded "*Gold Stevie Winner: Customer Service Executive of the Year"* as part of Stevie Awards 2019
	Awarded "*Sliver Stevie Winner: Customer Service Department of The Year"* as part of Stevie Awards 2019

Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

As on the date of this Draft Red Herring Prospectus, there are no defaults and there have been no rescheduling of borrowings with financial institutions or banks.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years

Except as disclosed below, our Company has not made any material acquisitions or divestments of any business or undertaking, and has not undertaken any merger, amalgamation or any revaluation of assets in the preceding 10 years.

Scheme of amalgamation of SBI Business Process and Management Services Limited ("SBIBPMSL") with our Company ("Scheme of Amalgamation")

On July 31, 2018, the Board approved the Scheme of Amalgamation under sections 230 and 232 of the Companies Act, which provided for amalgamation of SBIBPMSL with our Company. The Scheme of Amalgamation was approved by the NCLT, Delhi pursuant to its order dated June 4, 2019. The appointed date of the scheme was April 1, 2018. The Scheme of Amalgamation became effective on June 14, 2019, which is the date on which it was filed with the RoC.

Pursuant to the Scheme of Amalgamation, the entire undertaking of SBIBPMSL, including all assets, licenses, employees, contracts, intellectual property, rights and obligations and liabilities of SBIBPMSL, were transferred to and vested in our Company as a going concern and for every 100 fully paid up Equity Share of ₹ 10 each of SBIBPMSL held by its shareholders, 403 fully paid up equity shares were allotted to the shareholders of SBIBPMSL. Further, the authorised share capital of SBIBPMSL amounting to ₹ 500,000,000 divided into 50,000,000 equity shares of ₹ 10 each was merged with the authorised share capital of our Company. For details, see "***- Amendments to our Memorandum of Association***" on page 165.

Summary of material agreements

Shareholders' agreements

Shareholders agreement dated July 21, 2017, executed amongst our Company, SBI, CA Rover and erstwhile GE Capital Business Process Management Services Private Limited amended by way of amendment letters dated March 4, 2019 and August 2, 2019, respectively (collectively referred as "Amendment Letters") (the "SHA")

Pursuant to the sale of shareholding held by GE Capital in our Company and erstwhile, SBIBPMSPL to SBI and CA Rover, each SBI, and CA Rover entered into respective share purchase agreements with GE Capital ("**SPAs**"). Subsequently, our Company entered into the SHA with SBI, CA Rover and the erstwhile SBIBPMSL. Pursuant to the SPAs and terms of the SHA, SBI holds 74% of the shareholding and CA Rover holds 26% of the shareholding in our Company. In terms of the SHA, SBI and CA Rover have certain rights and obligations, amongst others, (i) SBI's right to nominate four directors including the managing director and chief executive officer of the Company, CA Rover's right to nominate one director of the Company and five independent directors to be appointed post consultation with SBI and CA Rover; (ii) right to appoint alternate directors in terms of the SHA; (iii) right to constitute a valid quorum and nomination of directors in various committees of the Company; (iv) certain information rights in relation to financial statements and Board, Shareholders' and committee minutes of the Company; (v) pre-emptive rights; (vi) SBI's right to nominate the CFO of the Company; (vii) exit rights and drag- along, tag-along rights in the event of any proposed transfer of shares by other party; (viii) right to approve certain reserved matters identified in the SHA such as amendment to the memorandum and article of association of the Company, any increase, reduction or cancellation of authorized or issued capital of our Company, any creation, issuance or allotment of shares including pursuant to an employees' stock options scheme, any voluntary dissolution, winding up or liquidation or any initiation or settlement of any litigation or regulatory order having a value of ₹ 50.00 million and ₹ 20.00 million respectively. In addition to the above, SBI and CA Rover have certain restrictions on transfer of Equity Shares held by them and non-disclosure of information and intellectual property rights.

Termination: Either SBI or CA Rover may terminate the SHA by giving 60 days' written notice to the other party or if either party becomes or is declared bankrupt or goes into liquidation (voluntary or compulsory), except amalgamation or reconstruction, if any distress or attachment is levied or any receiver is appointed with respect to any party, or any expropriation or condemnation of all or substantial portion of the assets or capital stock of any party.

Initial public offering: The SHA shall automatically lapse and terminate on commencement of trading of the Equity Shares of the Company pursuant to an initial public offering by the Company.

Waivers: Pursuant to the letter dated November 26, 2019 between our Company, SBI and CA Rover respectively (the "**Waiver Letter**"), waivers has been sought with respect to certain special rights available to SBI and CA Rover under the SHA, to facilitate the IPO.

Except as disclosed above, as on the date of this Draft Red Herring Prospectus, our Company has not entered into any subsisting material agreements other than in the ordinary course of business of our Company.

Agreements with Key Managerial Personnel, Director, Promoter or any other employee

As on the date of this Draft Red Herring Prospectus, there are no agreements entered into by our Key Managerial Personnel or Promoter or Director or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

Holding Company

As on the date of this Draft Red Herring Prospectus, SBI holds 74 % of the issued, subscribed and paid-up Share capital of our Company. For details of SBI, see "***Our Promoter and Promoter Group***" on page 189.

As of the date of this Draft Red Herring Prospectus, our Company has no subsidiary, associate or joint venture.

Significant strategic and financial partnerships

As on the date of this Draft Red Herring Prospectus, our Company does not have any significant strategic or financial partners.

Guarantees given by our Promoter

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, no guarantee has been issued by our Promoter, offering its shares in terms of the Offer for Sale.

Our Promoter has executed, i) a deed of guarantee dated March 22, 2018, in favour of DoT, New Delhi valid up to March 21, 2021; ii) a deed of guarantee dated February 5, 2018 in favour of DoT, Chennai valid up to February 2, 2021; and iii) a deed of guarantee dated August 3, 2019, in favour of DoT, Chennai valid up to August 2, 2023, DoT, each for an amount not exceeding ₹ 10 million. Such guarantees are given on behalf of our Company to guarantee compliance under the terms and conditions for the OSPs issued by the DoT.

OUR MANAGEMENT

In terms of our Articles of Association, our Company is required to have 10 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises of 10 Directors.

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus.

Name, date of birth, designation, address, occupation, term, period of directorship and DIN of our Directors	Age (years)	Other Directorships
Name: Mr. Rajnish Kumar *Date of birth:* January 14, 1958 *Designation:* Non-executive Chairman (Nominee of SBI) *Address:* Dunedin, Number 5, J. Mehta Road, Mumbai 400 006 *Occupation*: Service *Term:* Not liable to retire by rotation *Period of directorship:* Appointment with effect from December 13, 2017 *DIN:* 05328267	61	1. SBI 2. SBI Life Insurance Company Limited 3. SBI General Insurance Company Limited 4. SBI Foundation 5. Indian Institute of Banking and Finance 6. ECGC Limited 7. SBICAP
Name: Mr. Dinesh Kumar Khara *Date of birth:* August 28, 1961 *Designation:* Non-executive (Nominee of SBI) *Address:* : M-2, Kinellan Tower, 100-A, Nepean Sea Road, Mumbai 400 006 *Occupation*: Service *Term:* Not liable to retire by rotation *Period of directorship:* Appointment with effect from November 1, 2016 *DIN:* 06737041	58	*Indian Entities* 1. SBI 2. SBICAP 3. SBICAP Securities Private Limited 4. SBICAP Ventures Limited 5. SBI Foundation 6. SBI DFHI Limited 7. SBI Global Factors Limited 8. SBI Funds Management Private Limited 9. SBI Pension Funds Private Limited 10. SBI Infra Management Solutions Private Limited 11. SBI Life Insurance Company Limited 12. SBI General Insurance Company Limited *Foreign Entities* 1. SBICAP (Singapore) Limited 2. SBICAP (UK) Limited
Name: Mr. Hardayal Prasad *Date of birth*: December 12, 1960 *Designation:* Managing Director and Chief Executive Officer (Nominee of SBI)	59	Nil

Name, date of birth, designation, address, occupation, term, period of directorship and DIN of our Directors	Age (years)	Other Directorships
Address: Unitech World Spa (West), Apartment no. 202, 2nd floor, Block no. B3, Sector 30 and 41, Gurugram, Haryana – 122 001 *Occupation*: Service *Term:* Not liable to retire by rotation *Period of directorship:* Appointment with effect from February 1, 2018 until December 31, 2020 *DIN:* 08024303		
Name: Mr. Shree Prakash Singh *Date of birth:* July 2, 1960 *Designation:* Non-executive (Nominee of SBI) *Address:* C-8, Kinellan Tower, 100-A, Nepean Sea Road, Mumbai – 400 006 *Occupation*: Service *Term:* Not liable to retire by rotation *Period of directorship:* Appointment with effect from July 6, 2018 *DIN:* 08026039	59	1. C-Edge Technologies Limited 2. SBI-SG Global Securities Services Private Limited 3. SBI Payment Services Private Limited
Name: Mr. Sunil Kaul *Date of birth:* March 25, 1960 *Designation:* Non-executive (Nominee of CA Rover) *Address:* 2A Lincoln Road, 29-09 Park Infinia, Singapore – 308 364 *Occupation*: Managing Director, Financial Investing *Term:* Liable to retire by rotation *Period of directorship:* Appointment with effect from December 15, 2017 *DIN:* 05102910	59	*Indian Entities* 1. PNB Housing Finance Limited *Foreign Entities* 1. Carlyle Singapore Investment Advisors Pte Ltd 2. Sunil DRU LLC

Name, date of birth, designation, address, occupation, term, period of directorship and DIN of our Directors	Age (years)	Other Directorships
Name: Dr. Tejendra Mohan Bhasin *Date of birth:* May 23, 1956 *Designation:* Independent Director *Address:* 331, Bhera Enclave, Pashchim Vihar, Sunder Vihar, Delhi – 110 087 *Occupation*: Chairman, Advisory Board for Banking Frauds (constituted by the Central Vigilance Commission, in consultation with RBI). *Term:* Three years with effect from June 28, 2019 until June 27, 2022 *Period of directorship:* Appointment with effect from June 28, 2019 *DIN:* 03091429	63	1. PNB Gilts Limited 2. IDBI Intech Limited 3. TMB Associates Private Limited
Name: Mr. Nilesh Shivji Vikamsey *Date of birth:* August 16, 1964 *Designation:* Independent Director *Address:* Kalapataru Habitat, 184/A Wing, Dr. S.S. Rao Road, Parel, Mumbai - 400012 *Occupation*: Chartered Accountant *Term:* Three years with effect from August 14, 2019 until August 13, 2022 *Period of directorship:* Appointment with effect from August 14, 2019 *DIN:* 00031213	55	1. NSEIT Limited 2. SBI Life Insurance Company Limited 3. IIFL Finance Limited 4. SOTC Travel Limited 5. PNB Housing Finance Limited 6. Navneet Education Limited 7. Thomas Cook (India) Limited 8. India Infoline Finance Limited 9. IIFL Wealth Management Limited
Name: Mr. Rajendra Kumar Saraf *Date of birth:* August 18, 1954 *Designation:* Independent Director *Address*: Flat no. B/1302, Gundecha Altura, Opposite St. Xaviers School, L.B.S. Marg, Kanjur Marg (West), Mumbai – 400 078 *Occupation*: Independent Finance Professional *Term:* Three years with effect from August 14, 2019 until August 13, 2022	65	1. Mynd Solutions Private Limited 2. Hitech Insurance Broking Services Limited 3. Jio Payments Bank Limited

Name, date of birth, designation, address, occupation, term, period of directorship and DIN of our Directors	**Age (years)**	**Other Directorships**
Period of directorship: Appointment with effect from August 14, 2019 *DIN:* 02730755		
Name: Mr. Dinesh Kumar Mehrotra *Date of birth:* May 5, 1953 *Designation:* Independent Director *Address*: 3A, Harmony, Dr. E. Moses Road, Behind Petrol Pump, Worli Naka, Worli, Mumbai – 400 018 *Occupation*: Professional *Term:* Three years with effect from November 14, 2019 until November 13, 2022 *Period of directorship:* Appointment with effect from November 14, 2019 *DIN:* 00142711	66	1. VLS Finance Limited 2. UTI Asset Management Company Limited 3. Metropolitan Stock Exchange of India Limited 4. Tata AIA Life Insurance Company Limited 5. IndoStar Capital Finance Limited 6. West End Housing Finance Limited 7. Computer Age Management Services Limited 8. Aidia Technologies Private Limited
Name: Ms. Anuradha Shripad Nadkarni *Date of birth:* October 7, 1962 *Designation:* Independent Director *Address*: 2401, A-Tower, Beau Monde, A. Marathe Marg, Prabhadevi, Mumbai – 400 025 *Occupation*: : Financial Services Professional *Term:* Three years with effect from November 14, 2019 until November 13, 2022 *Period of directorship:* Appointment with effect from November 14, 2019 *DIN:* 05338647	57	1. Svakarma Finance Private Limited

Arrangement or understanding with major shareholders, customers, suppliers or others

As per the provisions of Section 35A of the SBI Act, SBI has the right to nominate Directors on the Board of our Company. Further, pursuant to our Articles of Association and SHA, our Board is required to comprise a maximum of 10 Directors, which include four directors nominated by SBI and one director nominated by CA Rover. Our Promoter, SBI, also has the right to nominate the Chairman, the Managing Director and Chief Executive Officer and Chief Financial Officer, pursuant to the SHA. For further details on the SHA, see "***History and Certain Corporate Matters – Summary of material agreements – Shareholders' agreement***" on page 168.

Accordingly, Mr. Rajnish Kumar (non-executive Chairman), Mr. Dinesh Kumar Khara (non-executive Director) and Mr. Shree Prakash Singh (non-executive Director) were appointed on our Board as nominee Directors of our

Promoter, SBI, and Mr. Sunil Kaul (non-executive Director) was appointed on our Board as nominee Director of CA Rover. Further, pursuant to the SHA, Mr. Hardayal Prasad was appointed as the Managing Director and Chief Executive Officer of our Company and Mr. Nalin Negi was appointed as the Chief Financial Officer of our Company. Ms. Suruchi Nagpal (Executive Vice President and Head, Workforce Effectiveness), Mr. Naresh Kumar Kapur (Executive Vice President and Chief People Officer) and Mr. Rajendra Singh Chauhan (Executive Vice President and Head, Internal Audit), have been deputed to our Company by SBI.

Except as stated above, none of our Directors have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

Brief profiles of our Directors

Mr. Rajnish Kumar is the non-executive Chairman of our Company. He is a nominee Director of SBI on our Board, appointed pursuant to Section 35A of the SBI Act. He holds a master’s degree in physics from the Meerut University. He joined the central board of SBI on May 26, 2015 and is currently the chairman of SBI with effect from October 7, 2017. Prior to this, he served as the managing director (national banking group) and managing director (compliance & risk) in SBI and was also the chief general manager of the north-eastern circle of SBI. He has held several key assignments across various business verticals of SBI, including the mid-corporate group, project finance, and two overseas assignments of SBI in Canada and U.K. Further, he was also the managing director and chief executive officer of SBICAP. He joined SBI as a probationary officer in 1980 and has over 39 years of experience in the banking industry.

Mr. Dinesh Kumar Khara is a non-executive nominee Director of SBI on our Board, appointed pursuant to Section 35A of the SBI Act. He holds a bachelor’s and a master’s degree in commerce and a master’s degree in business administration from the University of Delhi. He is also an associate of Indian Institute of Bankers. He has been one of the managing directors of SBI from August 9, 2016. He oversees the international banking book, corporate banking book & treasury operations of SBI. Additionally, he supervises the businesses of non-banking subsidiaries of SBI, which are engaged in diverse financial activities such as asset management, life insurance, general insurance, custodial services, primary dealership, investment banking, broking, credit cards, pension funds and factoring services. He is also entrusted with the role of supervision of 15 regional rural banks (sponsored by SBI) having more than 5,200 branches. He was the managing director and chief executive officer of the SBI Funds Management Private Limited. He joined SBI as a probationary officer in 1984 and has over 35 years of experience in the banking industry.

Mr. Hardayal Prasad is the Managing Director and Chief Executive Officer of our Company. He is a nominee Director of SBI on our Board, appointed pursuant to Section 35A of the SBI Act. He holds a master’s degree in chemistry from Agra College and is a certified associate of Indian Institute of Bankers. He is a top executive grade special scale – II officer of SBI on deputation to our Company. He has handled several assignments for SBI in various locations in India and abroad. Over the years, he has held multiple leadership positions at SBI, including, chief general manager, local head office - Hyderabad, general manager, local head office - Mumbai, deputy general manager (business and operations), Bareilly Module, deputy general manager (operations and control), Lucknow, vice president (trade & systems), Los Angeles Agency USA. He has been a part of SBI since 1983 and has 36 years of experience in the banking industry. He was awarded the ‘Economic Times Most Promising Business Leaders of Asia, 2019-20’ award as part of the Economic Times Asian Business Leaders conclave, 2019, for demonstrating exemplary leadership qualities.

Mr. Shree Prakash Singh is a nominee Director of SBI on our Board, appointed pursuant to Section 35A of the SBI Act. He holds a bachelor’s and a master’s degree in physics from Patna University. He is an associate of Indian Institute of Bankers. Currently, he is the chief general manager (associate and subsidiaries) in SBI, overseeing performance of non-banking domestic subsidiaries and regional rural banks. Apart from working as a manager in Emirates India International Exchange Company, Dubai in 1989 as India based trainee officer, he has also handled various important operational, marketing, cross-selling, human resources and stressed asset management related assignments within SBI and overseas. Before taking over his current assignment of being the chief general manager (associate and subsidiaries) in SBI, he worked as the managing director and chief executive officer of the SBI Infra Management Solution Private Limited, a wholly owned subsidiary of SBI. He was the general manager (network) in two important circles of SBI, namely New Delhi (network I) and Bhopal (network II). He started his career as a probationary officer in SBI in 1984 and has 35 years of experience in the banking industry.

Mr. Sunil Kaul is a non-executive nominee Director of CA Rover on our Board. He holds a bachelor's degree in technology in electrical engineering from the Indian Institute of Technology, Bombay and a postgraduate diploma in management from the Indian Institute of Management, Bangalore. During the course of his degree, he was awarded the Chairman, Indian Institute of Management Bangalore Society's gold medal for 'Scholastic Merit', the Hindustan Petroleum Corporation Limited medal and cash prize for 'Best Performance in Financial Management', and the Glaxo Marketing Scholar gold medal and cash prize for 'Best Performance in Marketing'. Prior to joining the Carlyle group in 2008, he was the president of Citibank Japan Limited and was concurrently the chairman of CitiCards Japan KK and CitiFinancials Japan KK. He was the head of retail banking in Asia and the head of international personal banking in New York for Citi. Further, he was the global transaction services head for Citibank N.A. Japan. Presently, he is also the managing director and head of the financial services industry of Carlyle Asia Partners and concurrently heads the south-east Asia business of the Carlyle group. He has, in the past, held non-executive director positions on the boards of Ta Chong Bank in Taiwan and Diamond Bank in Nigeria. He has 34 years of experience in the fields of private equity, corporate and consumer banking.

Dr. Tejendra Mohan Bhasin is an Independent Director on our Board. He holds a bachelor's degree in laws and a master's degree in business administration from the University of Delhi. He is an associate of the Indian Institute of Bankers. He is also a doctor of philosophy from the Faculty of Management Sciences, University of Madras. He has been conferred with honorary fellowship by Indian Institute of Banking and Finance. He was appointed as the vigilance commissioner in central vigilance commission by the President of India. Presently, he is the chairman of Advisory Board for Banking Frauds constituted by the central vigilance commission, in consultation with RBI. He was formerly associated with Oriental Bank of Commerce as the general manager. He was the executive director on the board of United Bank of India and the chairman and managing director of Indian Bank. He has over 41 years of experience in administration, banking and finance industry.

Mr. Nilesh Shivji Vikamsey is an Independent Director on our Board. He holds a bachelor's degree in commerce from R. A. Podar College of Commerce & Economics, Mumbai University. He is a qualified chartered accountant from the Institute of Chartered Accountants of India and holds a post qualification course in information system audit. He is a senior partner since 1985 at Khimji Kunverji & Co LLP. He is a member of, the advisory committee on mutual funds constituted by SEBI, accounting standards board of Institute of Chartered Accountants of India and was formerly the member of the quality review board established by the Government of India. He was formerly the president of the Institute of Chartered Accountants of India. He was an observer on the board of International Federation of Accountants and a member of its technology advisory group. He was a member of insurance advisory committee of Insurance Regulatory and Development Authority of India. He has 34 years of experience in accounting, auditing and finance.

Mr. Rajendra Kumar Saraf is an Independent Director on our Board. He holds a bachelor's degree in science from Birla Institute of Technology and Science and a master's degree in science from Indian Institute of Technology, Kanpur. He is an associate of the Indian Institute of Bankers and a fellow of Insurance Institute of India. He also holds a diploma in financial management from the University of Bombay. Previously, he was the deputy managing director and chief financial officer of SBI. He has held multiple positions during his tenure with SBI, such as being the chief general manager, (information technology), corporate centre, Navi Mumbai and chief general manager, Ahmedabad circle. He was an advisor for National Payments Corporation of India and was a member of its price discussion committee. Further, he was a consultant with Mynd Solutions Private Limited and a senior advisor to TVS Capital Funds Private Limited. He has over 39 years of experience in the banking industry.

Mr. Dinesh Kumar Mehrotra is an Independent Director on our Board. He holds a bachelor's degree in science (honours) from the University of Patna. He has previously served as the chairman and the managing director of Life Insurance Corporation of India ("**LIC**"). Previously, he was LIC's zonal manager in-charge of eastern zone and its senior divisional manager. He was the executive director (international operations) at LIC's office in Fiji. He has over 42 years of experience in the insurance industry.

Ms. Anuradha Shripad Nadkarni is an Independent Director on our Board. She holds a bachelor's degree in commerce from the University of Poona. She holds a post-graduate diploma in management from Indian Institute of Management, Bangalore and is a member of the Council of Chartered Financial Analysts. She was the head of financial institutions group at Standard Chartered Bank and was associated with Swadhaar Finserve Private Limited in an advisory capacity. She was associated with Lotus India Asset Management Company Private Limited as the head of business development and strategic initiatives and has served as an independent director on the board of Pudhuaaru Financial Services Private Limited. Currently she is associated with Svakarma Finance Private Limited as a founding member and the whole-time director. She has over 30 years of experience across multiple financial services businesses.

Relationship between Directors and Key Managerial Personnel

None of our Directors and Key Managerial Personnel are related to each other.

Terms of Appointment of our executive Director

Pursuant to resolution passed by our Board on October 22, 2019, our Managing Director and Chief Executive Officer, being the officer of SBI, shall be governed by the SBI Officers' Service Rules. No sitting fees shall be payable to the Managing Director and Chief Executive Officer, for attending the meetings of the Board and committees of the Board. Further, performance bonus and annual increments shall be paid/decided in accordance with the applicable policy determined by the Board from time to time on the recommendation of the nomination and remuneration committee. The Managing Director and Chief Executive Officer is not liable to retire by rotation. In addition to the basic remuneration of ₹ 1.53 million, he shall be eligible to receive allowances/perquisites up to ₹ 1.89 million and retiral benefits up to ₹ 0.49 million. These perquisites are exclusive of, among other things, medical benefits and vehicle to be provided by our Company. He shall be eligible for furnished house accommodation as approved by the Board from time to time.

Payment or benefit to Directors of our Company

Details of the sitting fees/other remuneration paid to our Directors in Fiscal 2019 are set forth below.

Remuneration to executive Director

(*₹ in million*)

Name of executive Director	Remuneration*	Commission	Total^
Mr. Hardayal Prasad	6.61	Nil	6.61

**The amount payable to Mr. Hardayal Prasad is paid by SBI, and is reimbursed to SBI by our Company. However, the accommodation lease is directly paid to the lessor on behalf of the Director, by the Company. Vehicle related expenses are reimbursed to the Director by the Company.*

^The total amount paid includes performance bonus for Fiscal 2018 paid in Fiscal 2019. For details of the policy, see "- ***Bonus or profit sharing plan for the Directors****" on page 176*

Remuneration to non-executive Directors

Independent Directors

Pursuant to the resolution passed by our Board on June 28, 2019, our Independent Directors are entitled to receive a sitting fee of ₹ 40,000 for attending each meeting of our Board and ₹ 20, 000 for attending each of the committee meetings. Details of the sitting fees and commission paid to our Independent Directors in Fiscal 2019 are set forth below:

(*₹ in million*)

Name of Director	Sitting fee	Commission	Total
Dr. Tejendra Mohan Bhasin*	Nil	Nil	Nil
Mr. Nilesh Shivji Vikamsey*	Nil	Nil	Nil
Mr. Rajendra Kumar Saraf*	Nil	Nil	Nil
Mr. Dinesh Kumar Mehrotra*	Nil	Nil	Nil
Ms. Anuradha Shripad Nadkarni*	Nil	Nil	Nil

**Since the Independent Directors joined our Company in Fiscal 2020, no sitting fee/commission was paid in Fiscal 2019.*

Nominee Directors

Except for our Managing Director and Chief Executive Officer, our nominee Directors are not entitled to receive any remuneration or sitting fees from our Company.

Bonus or profit sharing plan for the Directors

Except the Managing Director and Chief Executive Officer, who is paid performance based incentives for a Fiscal Year in the following year, no other Director is eligible for any bonus or profit sharing plan for Fiscal 2019. All full-time employees of our Company and the personnel deputed by SBI, along with the Managing Director and Chief Executive Officer, are eligible to receive either the variable incentives or performance based incentives. The performance based incentives are calculated on basis of the performance in the current Fiscal Year for the period worked and are accordingly awarded with the respective payments in the following Fiscal Year. The policy for performance based incentives is approved annually by our Board.

Shareholding of our Directors

Our Articles of Association do not require our Directors to hold any qualification shares.

Other than as disclosed under "***Capital Structure – Notes to Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company***" on page 84, none of our Directors hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

Service contracts with Directors

There are no service contracts entered into by our Directors with our Company which provide for benefits upon termination of employment.

Contingent and deferred compensation payable to Directors

Except our Managing Director and Chief Executive Officer, who is paid performance bonus for a Fiscal Year in the following year, no other Director is paid any contingent and deferred compensation.

In Fiscal 2020, as per the policy, our Managing Director and Chief Executive Officer was paid ₹ 0.96 million.

Interest of Directors

All our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them by our Company as well as sitting fees, if any, payable to them for attending meetings of our Board or committees thereof. Some of our Directors hold positions as directors on the board of directors of our Promoter. For further details, see "– ***Terms of Appointment of our executive Director***" and "– ***Compensation paid to our non-executive Directors***", each on page 176.

Our Directors nominated by SBI and CA Rover may be deemed to be interested to the extent of the shareholding of SBI and CA Rover in our Company. For further details regarding the shareholding of our Directors, see "***Capital Structure – Notes to Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company***" on page 84.

Except for the credit cards issued by our Company to the Directors, no loans have been availed by our Directors from our Company.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/ her to become, or to qualify him/ her as, a Director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Company.

Interest in land and property

Our Directors have no interest in any property acquired or proposed to be acquired by our Company.

Interest in promotion or formation of our Company

Our Directors have no interest in the promotion or formation of our Company as on the date of this Draft Red Herring Prospectus. However, our Promoter, SBI has nominated four nominee Directors on our Board, pursuant to the terms of the SHA.

Business interest

Except as stated in the section titled "***Financial Statements – Annexure V – Notes to Restated Consolidated Financial Information – Note 41 – Related party disclosures***" on page 288, our Directors do not have any other business interest in our Company.

Directorships of Directors in listed companies

None of our Directors are, or for the five years prior to the date of this Draft Red Herring Prospectus, have been on the board of directors of any listed company whose shares have been/were suspended from being traded on any of the stock exchanges, during his/her tenure.

None of our Directors has been or is a director on the board of directors of any listed company which has been /was delisted from any stock exchange(s), during his/her tenure.

Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below.

Name of Director	Date of Change	Reasons
Mr. Prashant Kumar	January 19, 2017	Cessation as a director
Mr. Neeraj Vyas	January 31, 2017	Appointment as a director
Mr. Percival Sam Billimoria	June 12, 2017	Cessation as a director
Mr. Ashish Sharma	August 9, 2017	Cessation as a director
Mr. Vishal Gulati	August 9, 2017	Appointment as a director
Ms. Arundhati Bhattacharya	October 6, 2017	Cessation as a director
Mr. Banmali Agrawala	October 25, 2017	Cessation as a director
Mr. Rajnish Kumar	December 13, 2017	Appointment as a director
Mr. Vishal Gulati	December 15, 2017	Cessation as a director
Mr. Ryan Armand Zanin	December 15, 2017	Cessation as a director
Mr. Vijay Jasuja	December 15, 2017	Appointment as a director
Mr. Sunil Kaul	December 15, 2017	Appointment as a director
Mr. Devinjit Singh	December 15, 2017	Appointment as a director
Mr. Vijay Jasuja	January 31, 2018	Cessation as a director
Mr. Hardayal Prasad	February 1, 2018	Appointment as a director
Mr. Neeraj Vyas	June 30, 2018	Cessation as a director
Mr. S.P. Singh	July 6, 2018	Appointment as a director
Mr. Devinjit Singh	September 4, 2018	Cessation as a director
Mr. Anil Jaggia	September 18, 2018	Appointment as a director
Mr. Anil Jaggia	January 29, 2019	Cessation as a director
Dr. Tejendra Mohan Bhasin	June 28, 2019	Appointment as a director
Ms. Saraswathy Athmanathan	August 3, 2019	Cessation as a director
Mr. Ashwini Kumar Sharma	August 5, 2019	Cessation as a director
Mr. Nilesh Shivji Vikamsey	August 14, 2019	Appointment as a director
Mr. Rajendra Kumar Saraf	August 14, 2019	Appointment as a director
Mr. Dinesh Kumar Mehrotra	November 14, 2019	Appointment as a director
Ms. Anuradha Shripad Nadkarni	November 14, 2019	Appointment as a director

Appointment of relatives to a place of profit

None of the relatives of the Directors have been appointed to an office or place of profit in our Company.

Borrowing powers

Pursuant to our Articles of Association and applicable provisions of the Companies Act, our Board is entitled to borrow money for the purposes of the business of our Company from, *inter-alia*, banks and financial institutions in the form of, *inter-alia*, loans, debentures and bonds and to secure the repayment of such debt by way of mortgage and/or creation of charge and/or provide by way of security in any form, the movable and/or immovable properties/assets of our Company, both present and future, or whole or substantially the whole of the undertaking(s) of our Company in such form, manner and time as the Board may deem fit. Pursuant to a resolution dated November 11, 2019 passed by our Board and a resolution dated November 15, 2019 passed by our Shareholders, our Board has been authorized to borrow sums in excess of the aggregate of our paid up share capital, free reserves and share premium account, up to an amount of ₹ 330,000 million.

Corporate governance

As on the date of this Draft Red Herring Prospectus, we have 10 Directors on our Board, comprising one executive Director, four non-executive Directors and five independent Directors. The Chairman of our Board, is a non-executive Director. Further, we have one woman Independent Director on our Board. The present composition of our Board and its committees is in compliance with the corporate governance requirements prescribed under the SEBI Listing Regulations and the Companies Act, 2013 in relation to the composition of our Board and constitution of committees thereof.

Our Company undertakes to take all necessary steps to continue to comply with all the applicable requirements of SEBI Listing Regulations and the Companies Act, 2013.

Board Committees

Our Company has constituted the following committees of the Board in terms of the SEBI Listing Regulations and the Companies Act:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders' Relationship Committee;
4. Corporate Social Responsibility Committee; and
5. Risk Management Committee.

Audit Committee

The Audit Committee was last reconstituted pursuant to the meeting of the Board held on November 14, 2019. The Audit Committee is in compliance with Section 177 of the Companies Act 2013 and Regulation 18 of the SEBI Listing Regulations. The Audit Committee currently consists of:

1. Mr. Nilesh Shivji Vikamsey, *Independent Director* (Chairman)
2. Dr. Tejendra Mohan Bhasin, *Independent Director*
3. Mr. Rajendra Kumar Saraf, *Independent Director*
4. Mr. Shree Prakash Singh, *Non-executive Director*
5. Mr. Sunil Kaul, *Non-executive Director*
6. Ms. Anuradha Nadkarni, *Independent Director*

The Company Secretary shall act as the secretary to the Audit Committee.

Scope and terms of reference: The terms of reference of the Audit Committee shall include the following:

The Audit Committee shall be responsible for, among other things, as may be required by the stock exchange(s) from time to time, the following:

The Audit Committee shall have powers, including the following:
1. to investigate any activity within its terms of reference;
2. to seek information from any employee;
3. to obtain outside legal or other professional advice; and
4. to secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee shall include the following:

1. oversight of financial reporting process and the disclosure of financial information relating to our Company to ensure that the financial statements are correct, sufficient and credible;
2. recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of our Company and the fixation of the audit fee;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    (a) matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
    (b) changes, if any, in accounting policies and practices and reasons for the same;

(c) major accounting entries involving estimates based on the exercise of judgment by management;
(d) significant adjustments made in the financial statements arising out of audit findings;
(e) compliance with listing and other legal requirements relating to financial statements;
(f) disclosure of any related party transactions; and
(g) modified opinion(s) in the draft audit report.

5. examining with the management, the quarterly, half-yearly and annual financial statements and auditor report thereon before submission to the Board for approval;
6. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. approval or any subsequent modification of transactions of our Company with related parties and to grant omnibus approval for related party transactions proposed to be entered into by our Company, subject to the conditions as may be prescribed;

Explanation: *The term "related party transactions" shall have the same meaning as provided in Regulation 2(1)(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act.*

9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of our Company, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. discussion with internal auditors of any significant findings and follow up there on;
15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. reviewing the functioning of the whistle blower mechanism;
19. overseeing the vigil mechanism established by our Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
20. approval of appointment of Chief Financial Officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
21. reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 1,000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision;
22. ensuring that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by our Company;
23. frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, or any other applicable law, including: the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, our Company and its employees, as applicable;
24. perform such other activities as may be delegated by the Board and carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or Master Directions or Companies Act or any other applicable law, as and when amended from time to time.

The Audit Committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;
2. statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. management letters / letters of internal control weaknesses issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses;
5. the appointment, removal and terms of remuneration of the chief internal auditor; and
6. statement of deviations in terms of the SEBI Listing Regulations:
   (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s); and
   (b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was last reconstituted by a resolution of our Board dated August 14, 2019. The Nomination and Remuneration Committee is in compliance with Section 178 of the Companies Act 2013 and Regulation 19 of the SEBI Listing Regulations. The Nomination and Remuneration Committee currently consists of:

1. Dr. Tejendra Mohan Bhasin, *Independent Director* (Chairman)
2. Mr. Dinesh Kumar Khara, *Non-executive Director*
3. Mr. Shree Prakash Singh, *Non-executive Director*
4. Mr. Sunil Kaul, *Non-executive Director*
5. Mr. Rajendra Kumar Saraf, *Independent Director*
6. Mr. Nilesh Shivji Vikamsey, *Independent Director*

Scope and terms of reference: The terms of reference of the Nomination and Remuneration Committee shall include the following:
1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees ("**Remuneration Policy**");
2. formulation of criteria for evaluation of performance of independent directors and the Board and to specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
3. devising a policy on Board diversity;
4. to establish criteria for fit and proper as per the guidelines issued by Reserve Bank of India or any other regulatory body or applicable statute, rule or regulation;
5. ensuring 'fit and proper' status of the proposed and existing directors;
6. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
7. to decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
8. recommend to the board, all remuneration, in whatever form, payable to senior management;
9. to exercise such powers as are granted under the applicable employee stock option scheme of our Company, as amended from time to time; and
10. perform such other activities as may be delegated by the Board and carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or under the Master Directions or provided under the Companies Act or any other applicable law, as and when amended from time to time.

While formulating the Remuneration Policy, it should ensure that –

1. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
2. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
3. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of our Company and its goals.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was last reconstituted by a resolution of our Board dated August 14, 2019. The Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act 2013 and Regulation 20 of the SEBI Listing Regulations. The Stakeholders' Relationship Committee currently consists of:

1. Mr. Rajendra Kumar Saraf, *Independent Director* (Chairman)
2. Mr. Shree Prakash Singh, *Non-executive Director*
3. Mr. Sunil Kaul, *Non-executive Director*

Scope and terms of reference: The terms of reference of the Stakeholders' Relationship Committee shall include the following:

The Stakeholders' Relationship Committee shall be responsible for, among other things, the following:

1. considering and looking into various aspects of interest of shareholders, debenture holders and other security holders;
2. redressal of grievances of the security holders of our Company, including complaints in respect of allotment of equity shares, transfer/ transmission of Equity Shares, non-receipt of new/duplicate share certificates, declared dividends, annual reports, balance sheets of our Company, general meetings, etc.;
3. approval of transfer or transmission of Equity Shares, debentures or any other securities;
4. issue of duplicate certificates and new certificates on split/consolidation/ renewal, etc.;
5. reviewing measures taken for effective exercise of voting rights by shareholders;
6. reviewing adherence to the service standards adopted by our Company in respect of various services being rendered by the registrar and share transfer agent;
7. reviewing the various measures and initiatives undertaken by our Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of our Company; and
8. carrying out any other functions required to be carried out by the Stakeholders' Relationship Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

Risk Management Committee

Our Risk Management Committee was last reconstituted by a resolution of the Board dated August 14, 2019. The Risk Management Committee is in compliance with Regulation 21 of the SEBI Listing Regulations. The Risk Management Committee currently consists of:

1. Mr. Hardayal Prasad, *Managing Director and Chief Executive Officer*
2. Mr. Shree Prakash Singh, *Non-executive Director*
3. Mr. Sunil Kaul, *Non-executive Director*

Scope and terms of reference: The terms of reference of the Risk Management Committee shall include the following:

1. to review and assess the risk management system and policy of our Company from time to time and recommend for amendment or modification thereof;
2. to implement and monitor policies and/or processes for ensuring cyber security;
3. to frame, devise and monitor risk management plan and policy of our Company;
4. to review and recommend potential risk involved in any new business plans and processes;
5. to approve the risk appetite for our Company;
6. to review on annual basis appropriateness and effectiveness of risk governance
7. to review and approve policies and procedures of our Company involving substantial risk including compliance policy, know your customer and anti-money laundering policy and fair practice code; and
8. any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law.

Corporate Social Responsibility Committee

Our Corporate Social Responsibility Committee was last reconstituted by a resolution of our Board dated August 14, 2019. The Corporate Social Responsibility Committee is in compliance with Section 135 of the Companies Act 2013. The Corporate Social Responsibility Committee currently consists of:

1. Mr. Shree Prakash Singh, *Non-executive Director*
2. Mr. Sunil Kaul, *Non-executive Director*
3. Mr. Rajendra Kumar Saraf, *Independent Director*
4. Mr. Hardayal Prasad, *Managing Director and Chief Executive Officer*

The Corporate Social Responsibility Committee is authorized to perform the following functions:

1. to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by our Company as specified in the Companies Act 2013;
2. to recommend to the Board for approval of the broad focus areas and total budget amount for the financial year;
3. monitor the corporate social responsibility policy of our Company from time to time; and
4. any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.

Management Organisation Chart

Key Managerial Personnel

In addition to Mr. Hardayal Prasad, our Managing Director and Chief Executive Officer, whose details are provided in " – ***Brief Profiles of our Directors***" on page 174, the details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus are set forth below:

Mr. Richhpal Singh is our Chief Operating Officer. He holds a bachelor's degree in arts from Maharshi Dayanand University, Rohtak. He was associated with the erstwhile SBIBPMSL (previously known as GE Capital Business Process Management Services Private Limited) since December, 2017. He joined our Company with effect from April 1, 2018, which is the appointed date of the amalgamation of SBIBPMSL with our Company. Previously, he was associated with Jio Payments Bank Limited and SBI. In Fiscal 2019, he received an aggregate compensation of ₹ 9.87 million (inclusive of performance based incentive paid for Fiscal 2018). Further, for Fiscal 2019, ₹ 3.29 million accrued as performance based incentive, which was paid in Fiscal 2020.

Mr. Nalin Negi is our Executive Vice President, Finance and has been nominated to be the Chief Financial Officer of our Company by SBI. He holds a bachelor's degree in commerce (honours course) from the University of Delhi. He is an associate of the Institute of Chartered Accountants of India. He was associated with various GE group companies for 10 years, approximately, including the erstwhile SBIBPMSL (previously known as GE Capital Business Process Management Services Private Limited), which amalgamated in our Company with effect from June 14, 2019. He was transferred to our Company on December 1, 2018. Previously, he was associated with Nestle India Limited, American Express (India) Private Limited, exl Service.com (India) Private Limited and ITC Limited. In Fiscal 2019, he received an aggregate compensation of ₹ 16.13 million (inclusive of performance based incentive paid for Fiscal 2018). Further, for Fiscal 2019, ₹ 4.16 million accrued as performance based incentive, which was paid in Fiscal 2020.

Ms. Aparna Kuppuswamy is our Executive Vice President and Chief Risk Officer. She holds a master's degree in finance and control from the University of Delhi. She was associated with GE Money Financial Services Limited for one year and was transferred to our Company on April 1, 2009. Previously, she was associated with American Express Financial Advisors, Bank of America and ABN AMRO Bank. In Fiscal 2019, she received an aggregate compensation of ₹ 16.67 million (inclusive of performance based incentive paid for Fiscal 2018). Further, for Fiscal 2019, ₹ 4.09 million accrued as performance based incentive, which was paid in Fiscal 2020.

Mr. Manish Dewan is our Executive Vice President & Chief Sales Officer. He holds a bachelor's degree in engineering (mechanical) from Panjab University and a postgraduate diploma in management from Indian Institute of Management Society, Lucknow. He was associated with the erstwhile SBIBPMSL (previously known as GE Capital Business Process Management Services Private Limited) for 5 years, approximately. He was transferred to our Company with effect from October 1, 2011. Previously, he was associated with Standard Chartered Bank and American Express Bank Limited. In Fiscal 2019, he received an aggregate compensation of ₹ 15.85 million (inclusive of performance based incentive paid for Fiscal 2018). Further, for Fiscal 2019, ₹ 4.20 million accrued as performance based incentive, which was paid in Fiscal 2020.

Mr. Girish Budhiraja is our Executive Vice President and Chief Product and Marketing Officer. He holds a bachelor's degree in technology in mining engineering from Indian School of Mines and a post-graduate diploma in management from the Indian Institute of Management, Bangalore. He joined our Company on November 1, 2012. Previously, he was associated with American Express Bank Limited, and ICI India Limited. In Fiscal 2019, he received an aggregate compensation of ₹ 15.11 million (inclusive of performance based incentive paid for Fiscal 2018). Further, for Fiscal 2019, ₹ 3.89 million accrued as performance based incentive, which was paid in Fiscal 2020.

Ms. Suruchi Nagpal is our Executive Vice President and Head, Workforce Effectiveness and has been deputed by SBI. She holds a degree in master of arts (economics) from Panjab University. She was deputed to our Company with effect from June 20, 2019. According to the deputation letter dated May 28, 2019, her engagement with our Company is for a period of two years. She has been associated with SBI since 1984. Since she joined our Company in Fiscal 2020, no remuneration was paid to her in Fiscal 2019.

Mr. Naresh Kumar Kapur is our Executive Vice President and Chief People Officer and has been deputed by SBI. He holds a bachelor's degree in science from the Guru Nanak Dev University. He was deputed to our Company on September 18, 2017. According to the deputation letter dated September 15, 2017, his engagement with our Company was for a period of two years which further extended for one more year pursuant to letter dated October 25, 2019. He has been associated with SBI since 1990. In Fiscal 2019, he received an aggregate compensation of ₹ 3.91 million (inclusive of performance based incentive paid for Fiscal 2018), a portion of which was paid by SBI and was later reimbursed to SBI by our Company. Further, for Fiscal 2019, ₹ 0.60 million accrued as performance based incentive, which was paid in Fiscal 2020.

Mr. Rajendra Singh Chauhan is our Executive Vice President and Head, Internal Audit and has been deputed by SBI. He is an associate of the Indian Institute of Bankers. He was deputed to our Company with effect from June 6, 2018. According to the deputation letter dated June 1, 2018, his engagement with our Company is for a period of two years. He has been associated with SBI since 1985. In Fiscal 2019, he received an aggregate compensation of ₹ 2.16 million (inclusive of performance based incentive paid for Fiscal 2018), a portion of which was paid by SBI and was later reimbursed to SBI by our Company. Further, for Fiscal 2019, ₹ 0.46 million accrued as performance based incentive, which was paid in Fiscal 2020.

Ms. Rinku Sharma is our Executive Vice President and Chief Compliance Officer. She holds a bachelor's degree in science (honours) from the St. Stephen's College, University of Delhi and a postgraduate diploma in management from the International Management Institute, New Delhi. She was associated with various GE group companies for 15 years, approximately, including the erstwhile SBIBPMSL (previously known as GE Capital Business Process Management Services Private Limited). She was transferred to our Company with effect from November 1, 2012. Previously, she was associated with DCM Financial Services. In Fiscal 2019, she received an aggregate compensation of ₹ 8.57 million (inclusive of performance based incentive paid for Fiscal 2018). Further, for Fiscal 2019, ₹ 1.83 million accrued as performance based incentive, which was paid in Fiscal 2020.

Mr. Ugen Tashi Bhutia is our Executive Vice President and Head, Legal. He holds a bachelor of laws degree from the University of Delhi, New Delhi and a bachelor's degree in commerce (honours) from the University of North Bengal. He joined our Company on January 2, 2012. Previously, he was associated with Lakshmikumaran & Sridharan Attorneys and Fox Mandal & Co. In Fiscal 2019, he received an aggregate compensation of ₹ 8.93 million (inclusive of performance based incentive paid for Fiscal 2018). Further, for Fiscal 2019, ₹ 1.74 million accrued as performance based incentive, which was paid in Fiscal 2020.

Mr. Amit Batra is our Executive Vice President and Head, Operations. He holds a diploma in hotel management from National Council for Hotel Management and Catering Technology, Noida, and has received a certificate for completion of INSEAD leadership program for senior Indian executives from INSEAD. He was associated with various GE group companies for 11 years, approximately, including the erstwhile SBIBPMSL (previously known as GE Capital Business Process Management Services Private Limited), which amalgamated with our Company with effect from June 14, 2019. He was transferred to our Company on January 1, 2011. In Fiscal 2019, he received an aggregate compensation of ₹ 12.64 million (inclusive of performance based incentive paid for Fiscal 2018). Further, for Fiscal 2019, ₹ 2.58 million accrued as performance based incentive, which was paid in Fiscal 2020.

Mr. Monish Vohra is our Executive Vice President and Head, Customer Service. He holds a bachelor's degree in engineering (electrical) from the University of Delhi and a master's degree in business administration from the University of Delhi. He was associated with the erstwhile SBIBPMSL (previously known as GE Capital Business Process Management Services Private Limited) for 4 years, approximately. He joined our Company with effect from April 1, 2018, which is the appointed date of the amalgamation of SBIBPMSL with our Company. Previously, he was associated with PNB MetLife India Insurance Company Limited. In Fiscal 2019, he received an aggregate compensation of ₹ 11.17 million (inclusive of performance based incentive paid for Fiscal 2018). Further, for Fiscal 2019, ₹ 2.33 million accrued as performance based incentive, which was paid in Fiscal 2020.

Mr. Pradeep Khurana is our Executive Vice President and Chief Information Officer. He holds a bachelor's degree in engineering from the Punjab Technical University, Jalandhar and a diploma in advanced computing from Advanced Computer Training School, Pune. He was associated with various GE group companies for 17 years, approximately, including the erstwhile SBIBPMSL (previously known as GE Capital Business Process Management Services Private Limited). He joined our Company with effect from April 1, 2018, which is the appointed date of the amalgamation of SBIBPMSL with our Company. Previously, he was associated with IGE India Limited. In Fiscal 2019, he received an aggregate compensation of ₹ 10.58 million (inclusive of performance based incentive paid for Fiscal 2018). Further, for Fiscal 2019, ₹ 2.05 million accrued as performance based incentive, which was paid in Fiscal 2020.

Ms. Anu Choudhary Gupta is our Executive Vice President and Head, Collections. She holds a bachelor's degree in commerce from the University of Rajasthan, Jaipur and a post graduate diploma in management from Lal Bahadur Shastri Institute of Management, New Delhi. She was associated with the erstwhile SBIBPMSL (previously known as GE Capital Business Process Management Services Private Limited) for two years, approximately. She joined our Company with effect from April 1, 2018, which is the appointed date of the amalgamation of SBIBPMSL with our Company. Previously, she was associated with Standard Chartered Bank, India. In Fiscal 2019, she received an aggregate compensation of ₹ 7.52 million (inclusive of performance based incentive paid for Fiscal 2018). Further, for Fiscal 2019, ₹ 1.56 million accrued as performance based incentive, which was paid in Fiscal 2020.

Ms. Payal Mittal Chhabra is our Senior Vice President, Company Secretarial. She is an associate of the Institute of Company Secretaries of India. She holds bachelor's degrees in commerce and laws from the University of Delhi. She holds a master's degree in laws from Kurukshetra University. She joined our Company on February 15, 2012. Previously, she was associated with Orbis Financial Corporation Limited. In Fiscal 2019, she received an aggregate compensation of ₹ 4.81 million (inclusive of performance based incentive paid for Fiscal 2018). Further, for Fiscal 2019, ₹ 0.92 million accrued as performance based incentive, which was paid in Fiscal 2020.

Status of Key Managerial Personnel

Apart from Mr. Hardayal Prasad, Managing Director and Chief Executive Officer, Ms. Suruchi Nagpal, Executive Vice President and Head, Workforce Effectiveness, Mr. Naresh Kumar Kapur, Executive Vice President and Chief People Officer, and Mr. Rajendra Singh Chauhan, Executive Vice President and Head, Internal Audit, who are on deputation from SBI, all our Key Managerial Personnel are permanent employees of our Company.

Relationship among Key Managerial Personnel

None of our Key Managerial Personnel are related to each other.

Bonus or profit sharing plan for the Key Managerial Personnel

All the permanent employees of our Company, the personnel deputed by SBI and our Managing Director and Chief Executive Officer are eligible for performance based incentive plan of our Company, for the period worked in the defined Fiscal Year. Hence, as on the date of this Draft Red Herring Prospectus, all our Key Managerial Personnel are paid performance based incentives for a Fiscal Year in the following year. The policy for performance based incentives is approved annually by our Board.

Shareholding of Key Managerial Personnel

None of our Key Managerial Personnel hold Equity Shares as on the date of this Draft Red Herring Prospectus.

Service Contracts with Key Managerial Personnel

Our Key Managerial Personnel are governed by the terms of their appointment letters/employment contracts and have not entered into any other service contracts with our Company. No officer of our Company is entitled to any benefit upon termination of employment or superannuation, other than statutory benefits.

Interest of Key Managerial Personnel

Other than, to the extent of the remuneration, benefits, reimbursement of expenses incurred in the ordinary course of business, our Key Managerial Personnel may be interested to the extent of employee stock options that have been or may be granted to them from time to time under SBIC ESOP Scheme. For details of the SBIC ESOP Scheme, see "***Capital Structure – Notes to Capital Structure – Employee Stock Option Schemes***" on page 84.

Except for the credit cards issued by our Company to the Key Managerial Personnel, no loans have been availed by our Key Managerial Personnel from our Company as on the date of this Draft Red Herring Prospectus.

Arrangements and understanding with major shareholders, customers, suppliers or others

Pursuant to the SHA, Mr. Hardayal Prasad was appointed as the Managing Director and Chief Executive Officer and Mr. Nalin Negi was appointed as the Chief Financial Officer of our Company. Further, Ms. Suruchi Nagpal, Executive Vice President and Head, Workforce Effectiveness, Mr. Naresh Kumar Kapur, Executive Vice President and Chief People Officer, and Mr. Rajendra Singh Chauhan, Executive Vice President and Head, Internal Audit have been deputed to our Company by SBI. For further details on the SHA, see "***History and Certain Corporate Matters – Summary of material agreements – Shareholders' agreement***" on page 168.

Except as stated above, none of our Key Managerial Personnel have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

Changes in Key Managerial Personnel during the last three years

Name of Key Managerial Personnel	Date of Change	Reasons
Mr. Praveen Kumar Singh	August 31, 2017	Cessation as the Chief Financial Officer
Mr. Nalin Negi	September 1, 2017	Appointment as the Chief Financial Officer
Mr. Vijay Jasuja	December 15, 2017	Cessation as the manager
Mr. Vijay Jasuja	December 15, 2017	Appointment as Managing Director
Mr. Vijay Jasuja	January 31, 2018	Cessation as the Managing Director and Chief Executive Officer
Mr. Hardayal Prasad	February 1, 2018	Appointment as the Managing Director and Chief Executive Officer

The above mentioned attrition pertains to the cessation of period of deputation of our Key Managerial Personnel on deputation from SBI.

Employee stock option and stock purchase schemes

For details of the SBIC ESOP Scheme, see "***Capital Structure – Notes to Capital Structure – Employee Stock Option Schemes***" on page 84.

Payment or Benefit to Key Managerial Personnel of our Company

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

OUR PROMOTER AND PROMOTER GROUP

Our Promoter

The promoter of our Company is SBI and it currently holds (along with its nominees) 689,927,363 Equity Shares, constituting to 74.00 % of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For further details, see "***Capital Structure***" on page 75.

History and Details of SBI

The Bank of Calcutta was established in the year 1806 and was renamed as the Bank of Bengal in the year 1809. The Bank of Bombay and the Bank of Madras were opened for business in the year 1840 and 1843, respectively. In the year 1921, the Bank of Bengal, the Bank of Bombay and the Bank of Madras were merged by an act of the legislature to form the Imperial Bank of India. Thereafter, on July 1, 1955, the Imperial Bank of India was nationalised and SBI was incorporated as a body corporate pursuant to the State Bank of India Act, 1955 ("**State Bank Act**"). Subsequently, in April 2017, certain associate banks of SBI being, State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore and one non-associate bank of SBI being, Bhartiya Mahila Bank, were merged with SBI. SBI provides a wide range of banking and financial services including commercial banking and treasury operations and its primary place of business is located at State Bank Bhavan, Madame Cama Road, Mumbai 400 021, Maharashtra, India.

The equity shares of SBI are currently listed on NSE, BSE and Ahmedabad Stock Exchange ("**ASE**"), however, SBI by way of an application to ASE dated January 27, 2015 has sought in-principle approval for voluntary delisting of its equity shares on ASE.

Promoter of SBI

The President of India, acting through the Ministry of Finance, Government of India (the "**President**") is SBI's promoter and as of September 30, 2019, the President holds approximately 57.88% of SBI's fully-diluted paid-up share capital. Further, the State Bank Act provides that the Government of India shall at all times hold not less than 51.00% of SBI's total share capital. Additionally, as SBI's promoter, the President has effective control over the affairs of SBI. Consequently, there has been no change in control of SBI in the three years preceding the date of this Draft Red Herring Prospectus.

Central Board of Directors of SBI

The following table sets forth details of the Central Board of Directors of SBI as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name	Designation
1.	Mr. Rajnish Kumar	Chairman
2.	Mr. Parveen Kumar Gupta	Managing Director (Retail and Digital Banking)
3.	Mr. Dinesh Kumar Khara	Managing Director (Global Banking and Subsidiaries)
4.	Mr. Arijit Basu	Managing Director (Commercial Clients Group & IT)
5.	Mr. Sanjiv Malhotra	Director appointed under Section 19(c) of the SBI Act
6.	Mr. Bhaskar Pramanik	Director appointed under Section 19(c) of the SBI Act
7.	Mr. Basant Seth	Director appointed under Section 19(c) of the SBI Act
8.	Mr. B. Venugopal	Director appointed under Section 19(c) of the SBI Act
9.	Mr. Girish Kumar Ahuja	Director appointed under Section 19(d) of the SBI Act
10.	Dr. Pushpendra Rai	Director appointed under Section 19(d) of the SBI Act
11.	Dr. Purnima Gupta	Director appointed under Section 19(d) of the SBI Act
12.	Mr. Ravi Mital	Director appointed under Section 19(e) of the SBI Act
13.	Mr. Chandan Sinha	Director appointed under Section 19(f) of the SBI Act

Shareholding pattern of SBI

The following tabular representations sets forth the shareholding pattern of SBI as on September 30, 2019:

Category (I)	Category of the Shareholder (II)	No. of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of partly paid-up Equity Shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	No. of Voting Rights held in each class of securities (IX)				No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a % of diluted share capital (XI)=(VII)+ (X) as a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of total voting rights			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class eg: X	Class eg: Y	Total								
(A)	**Promoter & Promoter Group**	1	5,098,882,979	-	-	5,098,882,979	57.88	101,977,659	-	101,977,659	58.00	-	57.88	503,261,141	9.87		-	5,098,882,979
(B)	**Public**	1,494,145	3,710,429,605	-	-	3,710,429,605	42.12	73,840,229	-	73,840,229	42.00	-	42.12	-	-		-	3,630,208,548
(C)	**Non Promoter-Non Public**	1	-	-	115,298,950	115,298,950	-	-	-	-	-	-	-	-	-		-	115,298,950
(1)	**Shares underlying Custodian/Depository Receipts**	1	-	-	115,298,950	115,298,950	-	-	-	-	-	-	-	-	-		-	115,298,950
(2)	**Shares held by Employee Trust**	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-
	Total (A)+(B)+(C)	**1,494,147**	**8,809,312,584**	**-**	**115,298,950**	**8,924,611,534**	**100.00**	**175,817,888**	**0**	**175,817,888**	**100.00**	**-**	**100.00**	**503,261,141**	**5.64**		**-**	**8,844,390,477**

Our Company confirms that a copy of the PAN and bank account numbers shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with SEBI and the Stock Exchanges.

Interest of SBI

SBI is interested in our Company to the extent of being a Promoter of our Company, its shareholding (and the dividends payable, if any). Additionally, our Company, amongst other, has entered into the following arrangements with SBI:

(i) ***Licensing agreement dated September 7, 2009 executed amongst SBI and our Company amended by way of Amendment to Licensing Agreement dated July 21, 2017 and Amendment Agreement to Licensing Agreement dated November 19, 2019 ("Licensing Agreement")***

Pursuant to the Licensing Agreement, our Company was granted a non-exclusive and non-transferable right to use for its business operations, the logo and certain trademarks registered in favour of SBI, namely the "State Bank of India and Logo", "SBI and Logo" and "sbi and Logo", each registered under classes 36, 16 and 9. Unless our Company proposes to use the above mentioned trademarks for the furtherance of our business, the Licensing Agreement restricts the use of the above mentioned trademarks within the territory of India except with the prior written consent of SBI. Under the terms and conditions of the Licensing Agreement, our Company is required to make certain royalty fee payments to SBI within two months from the end of every financial year. For details of royalty fee paid by our Company to our Promoter under the terms of the Licensing Agreement, see "***Financial Statements-Annexure V- Note 41 - Notes to Related Party Transactions***" on page 288.

Under the Licensing Agreement, SBI is authorised to terminate the agreement on the happening of specified events including the termination of the SHA, failure of our Company to pay the applicable royalty fee, any change in the composition of our Board and in the event of shareholding of SBI going below 26%.

(ii) **Bank Distribution Agreement dated November 20, 2019 between SBI and the Company ("Bank Distribution Agreement")**

Pursuant to the Bank Distribution Agreement, the Company will provide branch relationship executives at select branches of SBI, which will be mutually agreed between the Company and SBI. SBI has agreed to provide a space along with requisite furniture for the Company's executives to be present at select branches of SBI. SBI has also agreed to provide referrals to the Company generated through walk-in customers, business analytics dashboards, customer relationship management or CRM, YONO and other channels as decided by SBI. Pursuant to the Bank Distribution Agreement, the Company is required to pay a commission to SBI at rates mutually agreed between the Company and SBI. SBI may also offer a fee, as maybe mutually decided between SBI and the Company, for providing, amongst other things, space for drop box of the Company, for cash/cheque/transfer payment collection by branches against credit card dues, display of the Company's banner on digital platform of SBI.

(iii) ***Memorandum of understanding between SBI and our Company dated March 16, 2016 ("CSP MoU")***

Pursuant to the CSP MoU, SBI has agreed to offer our credit cards to its corporate salary account holders on the basis of eligibility norms mutually agreed between SBI and our Company. Further, SBI has also agreed to club application forms for our credit cards along with SBI's application forms for corporate salary account holders.

(iv) ***Agreement between SBI and our Company dated September 14, 2017 ("SBI UPI Agreement")***

Pursuant to the SBI UPI Agreement, SBI has agreed to provide our customers the facility to pay credit card bills using the SBI Pay mobile application, in consideration of which SBI charges our customers a per transaction fee.

(v) ***Memorandum of agreement for electronic transfer between SBI and our Company dated March 29, 2017 and the terms extended by way of an addendum agreement dated March 8, 2018 (together the "Electronic Transfer Agreement")***

Pursuant to the Electronic Transfer Agreement, SBI has agreed to provide electronic transfer services to our Company for making electronic payments to our customers, vendors, dealers and contractors, in consideration of which our Company is required to pay a fee to SBI in accordance with the terms of the Electronic Transfer Agreement.

(vi) ***Agreement for cash managements services between SBI and our Company dated June 27, 2018 and the terms extended by way of an extension agreement dated May 24, 2019 (together the "Cash Management Services Agreement")***

Pursuant to the Cash Management Services Agreement, SBI has agreed to provide our customers certain facilities such as drop box clearance, cheques processing and banking and recon services, in consideration of which our customers is required to pay a fee to SBI in accordance with the terms of the Cash Management Services Agreement.

Additionally, as part of the consortium arrangement of working capital facilities sanctioned to our Company, SBI has sanctioned certain fund and non-fund based debt facilities to our Company, for further details, see "***Financial Indebtedness***" and "***Financial Statements – [●]***" on [●] and [●], respectively. Thus, SBI is also interested to the extent of receiving remuneration pursuant to the terms and conditions stipulated within the aforesaid arrangements. For details of payments made in relation to such arrangements, see, "***Financial Statements- Notes to Related Party Transactions***" and "***Financial Statements – [●]***" on [●] and [●], respectively.

SBI is not interested, directly or indirectly, in any transactions by our Company for acquisition of land, construction of building or supply of machinery.

Further, Mr. Rajnish Kumar, Mr. Dinesh Kumar Khara and Mr. Shree Prakash Singh are nominees of SBI on the Board of our Company and SBI has also nominated Mr. Nalin Negi as our Chief Financial Officer and Mr. Hardayal Prasad as our Managing Director and Chief Executive Officer. For details regarding the appointment and term of our Managing Director and Chief Executive Officer, see "***Our Management***" on page 170.

Furthermore, our Executive Vice President and Head, Workforce Effectiveness, Mrs. Suruchi Nagpal, our Executive Vice President and Chief People Officer, Human Resources, Mr. Naresh Kumar Kapur and our Executive Vice President and Head, Internal Audit, Mr. Rajendra Singh Chauhan have been deputed by SBI and their remuneration is paid by SBI which is reimbursed by our Company in the manner mutually agreed. For further details, see "***Financial Statements- Annexure V- Note 41 -Notes to Related Party Transactions***" on page 288.

Companies with which SBI has disassociated in the last three years

SBI has not disassociated itself from any companies during the preceding three years.

Payment or Benefits to SBI

Except as set out in "***Financial Statements- Notes to Related Party Transactions***" and "– ***Interest of SBI***" on pages 288 and 191, there has been no payment or benefits accrued to SBI in the two years preceding the date of this Draft Red Herring Prospectus.

Material Guarantees given by our Promoter

Our Promoter has not given any guarantee to a third party in respect of the Equity Shares as on the date of this Draft Red Herring Prospectus.

Confirmations

Our Promoter and members of the Promoter Group have not been declared as Wilful Defaulters.

Our Promoter, Promoter Group and directors of our Promoter have not been debarred or prohibited from accessing capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except as set out in "***Outstanding Litigation and Material Developments***" on page 363, there is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority against SBI during the last five years preceding the date of this Draft Red Herring Prospectus.

Our Promoter is not and has never been a promoter, director or person in control of any other company which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Change in control of our Company

Our Company was previously promoted by SBI and GE Capital. GE Capital exited our Company on December 15, 2017 and SBI became the sole promoter of our Company. As on the date of this Draft Red Herring Prospectus, SBI holds 689,927,363 Equity Shares, constituting 74% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For further details, see "***Capital Structure***" and "***History and Certain Corporate Matters***" on pages 75 and 163

Promoter Group

In addition to SBI, the entities constituting the Promoter Group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations are set forth:

1. Andhra Pradesh Grameena Vikas Bank;
2. Arunachal Pradesh Rural Bank;
3. Bank of Bhutan Limited;
4. Bank SBI Botswana Limited;
5. C-Edge Technologies Limited;
6. Central Warehousing Corporation;
7. Chhattisgarh Rajya Gramin Bank;
8. Commercial Indo Bank Llc, Moscow;
9. Ellaquai Dehati Bank;
10. Jharkhand Rajya Gramin Bank;
11. Jio Payments Bank Limited;
12. Macquarie SBI Infrastructure Management Pte. Ltd;
13. Macquarie SBI Infrastructure Trustee Limited;
14. Madhyanchal Gramin Bank;
15. Meghalaya Rural Bank;
16. Mizoram Rural Bank;
17. Nagaland Rural Bank;
18. Nepal SBI Bank Limited;
19. Nepal SBI Merchant Banking Limited
20. Oman India Joint Investment Fund – Management Company Private Limited;
21. Oman India Joint Investment Fund - Trustee Company Private Limited;

22. PT Bank SBI Indonesia;

23. Purvanchal Bank;

24. Rajasthan Marudhara Gramin Bank;

25. Saurashtra Gramin Bank;

26. SBI (Mauritius) Limited;

27. SBI Canada Bank;

28. SBICAP Securities Limited;

29. SBICAP;

30. SBI DFHI Limited;

31. SBI Foundation;

32. SBI Funds Management (International) Private Limited;

33. SBI Funds Management Private Limited;

34. SBI General Insurance Company Limited;

35. SBI Global Factors Limited;

36. SBI Home Finance Limited (which is currently under liquidation);

37. SBI Infra Management Solutions Private Limited;

38. SBI Life Insurance Company Limited;

39. SBI Macquarie Infrastructure Management Private Limited;

40. SBI Macquarie Infrastructure Trustee Private Limited;

41. SBI Mutual Fund Trustee Company Private Limited;

42. SBI Payment Services Private Limited;

43. SBI Pension Funds Private Limited;

44. SBICAP (Singapore) Limited;

45. State Bank of India (UK) Limited

46. SBICAP (UK) Limited;

47. SBICAP Trustee Company Limited;

48. SBICAP Ventures Limited;

49. SBI-SG Global Securities Services Private Limited;

50. State Bank of India (California);

51. State Bank of Servicos Limitada, Brazil;

52. Telangana Grameena Bank;

53. The Clearing Corporation of India Limited;

54. Utkal Grameen Bank; and

55. Uttarakhand Gramin Bank.

SBI is a scheduled commercial bank with a diversified portfolio of investments. There are categories of companies in which SBI holds 20% or more shareholding pursuant to debt restructuring schemes issued by the RBI such as the corporate debt restructuring mechanism, strategic debt restructuring scheme and schemes for sustainable structuring of stressed assets. SBI has no control or other significant interest in such companies other than such shareholding and accordingly, these companies and have not been considered as Promoter Group entities.

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations for the purposes of identification of group companies, our Company has considered companies (excluding our Promoter) with which there were related party transactions, during the period for which the Restated Financial Statements has been included in this Draft Red Herring Prospectus i.e. Fiscal 2019, Fiscal 2018, Fiscal 2017 and six months ended September 30, 2019, and such other companies as considered material, in accordance with the Materiality Policy. In terms of the Materiality Policy, a company shall be considered material and disclosed as a Group Company if it:

(i) is a member of the Promoter Group (other than our Promoter) and has entered into one or more transactions with the Company during the period for which financial information is disclosed in the Offer Document(s) (i.e. Fiscal 2017, Fiscal 2018, Fiscal 2019 and six months ended September 30, 2019) individually or in the aggregate, exceed 10% of the total revenue of the Company for such period; or

(ii) such company would require disclosure in the financial statements of the Company subsequent to the latest period for which restated financial statements are included in the Offer Documents, as entities covered under Ind AS 24 (other than those companies which are already covered under Ind AS 24).

Further, our Company and GE Capital Mauritius Overseas Investments, General Electric Company, USA, GE India Industrial Private Limited and Wipro GE Health Care Private Limited (collectively the "**GE Entities**") have had certain related party transactions in Fiscals 2018 and 2017, however, the GE Entities have not been considered as Group Companies, as GE Capital Mauritius Overseas Investments has sold its entire shareholding in our Company on December 15, 2017, as a result of which the GE Entities have ceased to be related parties with effect from December 15, 2017.

Based on the above, the following are our Group Companies as on the date of this Draft Red Herring Prospectus:

1. CA Rover;
2. SBI DFHI Limited ("**SBI DFHI**");
3. SBI Foundation;
4. SBI Funds Management Private Limited ("**SBI Funds**");
5. SBI General Insurance Company Limited ("**SBI General**");
6. SBI Life Insurance Company Limited ("**SBI Life**");
7. SBICAP;
8. SBICAP Securities Limited ("**SBICAP Securities**");
9. SBICAP Trustee Company Limited ("**SBICAP Trustee**"); and
10. SBI-SG Global Securities Services Private Limited ("**SBI-SG**").

Details of top five Group Companies

Our top five Group Companies comprise SBI Life, which is listed on the BSE and NSE; and SBI DFHI, SBI General, SBI Funds and SBICAP, which are our largest unlisted Group Companies based on turnover in the last audited financial year. Set out below are details of such top five Group Companies.

1. SBI Life Insurance Company Limited

SBI Life was incorporated as a public limited company under the Companies Act, 1956 on October 11, 2000 and received its certificate for commencement of business on November 20, 2000. Its corporate identification number is L99999MH2000PLC129113. SBI Life is currently engaged in the business of life insurance.

Audited financial information

The financial information derived from the audited standalone financial results of SBI Life for the Fiscals 2019, 2018 and 2017 is set forth below:

(in ₹ million, except share data)

Particulars	As on March 31, 2019	March 31, 2018	March 31, 2017
Equity capital	10,000	10,000	10,000
Reserves (excluding revaluation reserves) *	65,764	55,278	45,521
Total income**	447,804	342,241	306,873
Profit/Loss after tax	13,268	11,504	9,547
Earnings/(loss) per share (Basic) (at a face value of ₹ 10 per equity share)	13.27	11.50	9.55
Earnings/(loss) per share (Diluted) (at a face value of ₹ 10 per equity share)	13.27	11.50	9.55
Net asset value per share (₹) (at a face value of ₹ 10 per equity share)	75.76	65.28	55.52

* *includes fair value change on investment*
** *calculated on the basis of net written premium and income from investments*

There are no significant qualifications or matters of emphasis notes of the auditors in relation to the aforementioned financial statements.

Share price information

The following table sets forth details of the highest and lowest price of the equity shares of SBI Life on NSE during the preceding six months:

(in ₹)

Month	Monthly high	Monthly low
October 2019	1,030.0	804.0
September 2019	851.60	777.10
August 2019	862.45	752.55
July 2019	808.50	716.05
June 2019	744.00	669.50
May 2019	704.00	594.65

Source: www.nseindia.com

The following table sets forth details of the highest and lowest price of the equity shares of SBI Life on the BSE during the preceding six months:

(in ₹ million)

Month	Monthly high	Monthly low
October 2019	1,030.00	804.00
September 2019	851.00	777.15
August 2019	862.40	753.15
July 2019	808.10	716.35
June 2019	744.35	669.25
May 2019	702.85	595.05

Source: www.bseindia.com

The highest and lowest price of the equity shares of SBI Life during the preceding six months are ₹ 1,030 and ₹ 594.65 on the BSE and ₹ 1,030 and ₹ 595.05 on NSE, respectively.

2. SBI DFHI Limited

SBI DFHI was incorporated as a public limited company under the Companies Act, 1956 on March 8, 1988 and received its certificate of commencement of business on April 5, 1988. Its corporate identification number is U65910MH1988PLC046447. SBI DFHI is currently engaged in the business of discounting, rediscounting, buying, selling, underwriting or acquiring, holding, disposing of and otherwise dealing in all marketable securities and negotiable instruments and in particular, treasury bills, trade bills, bills of exchange, promissory notes, commercial bills, commercial paper and all other securities of every description. As on date SBI DFHI carries on the business of primary dealer of Reserve Bank of India.

Audited financial information

The financial information derived from the audited standalone financial results of SBI DFHI for the Fiscals 2019, 2018 and 2017 is set forth below:

(in ₹ million, except share data)

Particulars	As on March 31, 2019	March 31, 2018	March 31, 2017
Equity capital	1,904.90	1,904.90	2,181.82
Reserves and surplus (excluding revaluation reserves)	8,783.00	7,011.13	8,282.33
Sales	1,924,239.69	2,303,957.97	4,654,697.93
Profit/Loss after tax	768.60	320.71	1,764.37
Earnings/(loss) per share (Basic) (at a face value of ₹ 100 per equity share)	40.35	15.71	80.87
Earnings/(loss) per share (Diluted) (at a face value of ₹ 100 per equity share)	40.35	15.71	80.87
Net asset value	10,687.90	8,916.03	10,464.15

There are no significant qualifications or matters of emphasis notes of the auditors in relation to the aforementioned financial statements.

3. *SBI General Insurance Company Limited*

SBI General was incorporated as a public limited company under the Companies Act, 1956 and received its certificate of commencement of business on May 25, 2009. Its corporate identification number is U66000MH2009PLC190546. SBI General is currently engaged in the business of general insurance in India.

Audited financial information

The financial information derived from the audited standalone financial results of SBI General for the Fiscals 2019, 2018 and 2017 is set forth below:

(in ₹ million, except share data)

Particulars	As on March 31, 2019	March 31, 2018	March 31, 2017
Equity capital	2,155.00	2,155.00	2,155.00
Reserves and surplus (excluding revaluation reserves)#	16,083.77	12,788.15	8,831.21
Sales*	47,172.66	35,532.14	25,951.75
Profit/Loss after tax	3,339.92	3,956.95	1,526.56
Earnings/(loss) per share (Basic) (at a face value of ₹ 10 per equity share)	15.50	18.36	7.21
Earnings/(loss) per share (Diluted) (at a face value of ₹ 10 per equity share)	15.48	18.36	7.21
Net asset value **	18,238.77	14,943.15	10,986.21

 # Reserves includes Accumulated Profit / (Loss)
** Sales / Turnover - Gross Written Premium (GWP)*
***Net worth as calculated in accordance with IRDAI regulations i.e. share capital plus reserve & surplus- debit balance in P&L (excluding revaluation reserve)*

There are no significant qualifications or matters of emphasis notes of the auditors in relation to the aforementioned financial statements.

4. SBI Funds Management Private Limited

SBI Funds was incorporated as a private limited company under the Companies Act, 1956 on February 7, 1992. Its corporate identification number is U65990MH1992PTC065289. SBI Funds is an Asset Management Company of SBI Mutual Fund and has assumed the day to day investment management of SBI Mutual Fund and in that capacity makes investment decisions and manages the schemes of SBI Mutual Fund in accordance with the scheme objectives, trust deed, provisions of investment management agreement and SEBI Mutual Funds Regulations and relevant guidelines.

In addition to the investment management activity, SBI Funds has also been granted a certificate of registration as a portfolio manager by SEBI. Apart from this, SBI Funds has received an 'in-principle' approval from SEBI for SBI Resurgent India Opportunities Fund (Offshore Fund).

SBI Funds also acts as an investment manager of SBI Alternative Equity Fund and SBI Alternative Debt Fund which are registered with SEBI as a category III AIF and category II AIF, respectively under the SEBI AIF Regulations. SBI Funds is also providing the management and advisory services to Category I FPIs and Category II FPIs through fund manager(s) managing the schemes of the SBI Mutual Fund as permitted under SEBI Mutual Funds Regulations.

Audited financial information

The financial information derived from the audited standalone financial results of SBI Funds for the Fiscals 2019, 2018 and 2017 is set forth below:

(in ₹ million, except share data)

Particulars		As on	
	March 31, 2019	March 31, 2018	March 31, 2017*
Equity capital	500.00	500.00	500.00
Reserves and surplus (excluding revaluation reserves)	13,237.60	10,111.25	7,209.78
Sales	14,922.13	12,367.26	7,363.42
Profit/Loss after tax	4,289.81	3,354.25	2,243.19
Earnings/(loss) per share (Basic) (at a face value of ₹ 1 per equity share)	8.58	6.71	4.49
Earnings/(loss) per share (Diluted) (at a face value of ₹ 1 per equity share)	8.57	6.71	4.49
Net asset value **	13,737.60	10,611.25	7,709.78

* *Financials for FY 2017 are under Indian GAAP and for FY 2018 & 2019 are under IND AS*

** *During the financial year 2017-18, face value of share was changed from ₹ 100 each to ₹ 1 each*

There are no significant qualifications or matters of emphasis notes of the auditors in relation to the aforementioned financial statements.

5. SBICAP Securities Limited

SBICAP Securities was incorporated as a public limited Company under the Companies Act, 1956 on August 19, 2005 and received its certificate for commencement of business on August 31, 2005. Its corporate identification number is U65999MH2005PLC155485. SBICAP Securities is currently engaged in the business of broking, depository services and distribution of financial instruments, banking products and composite corporate agent broking, depository services and distribution of financial instruments, banking products & soliciting insurance business as a composite corporate agent.

Audited financial information

The financial information derived from the audited standalone financial results of SBICAP Securities for the Fiscals 2019, 2018 and 2017 is set forth below:

(in ₹ million, except share data)

Particulars	As on March 31, 2019	March 31, 2018	March 31, 2017
Equity capital	968.75	968.75	968.75
Reserves and surplus (excluding revaluation reserves)	1,779.33	1,207.56	451.60
Sales/ Revenue	4,083.64	3,575.59	2,503.55
Profit/Loss after tax	571.78	755.95	260.64
Earnings/(loss) per share (Basic) (at a face value of ₹ 10 per equity share)	5.90	7.80	2.69
Earnings/(loss) per share (Diluted) (at a face value of ₹ 10 per equity share)	5.90	7.80	2.69
Net asset value	28.37	22.47	14.66

There are no significant qualifications or matters of emphasis notes of the auditors in relation to the aforementioned financial statements.

Details of other Group Companies

CA Rover Holdings

CA Rover was incorporated as a private limited company under the laws of Mauritius with the registrar of companies on August 11, 2015. Its corporate identification number is 132306C1/GBL. CA Rover is currently engaged in the business of investment holdings.

SBICAP Trustee Company Limited

SBICAP Trustee was incorporated as a public limited company under the Companies Act, 1956 on December 28, 2005, and received its certificate for commencement of business on February 17, 2006. Its corporate identification number is U65991MH2005PLC158386. SBICAP Trustee is currently engaged in the business of providing trusteeship services.

SBI Capital Markets Limited

SBICAP was incorporated as a private limited company under the Companies Act, 1956 on July 2, 1986. It converted to a public limited company on May 7, 1999 pursuant to the relevant provisions of the Companies Act, 1956. Its corporate identification number is U99999MH1986PLC040298. SBI Capital is engaged in the business of merchant banking and providing advisory services

SBI Foundation

SBI Foundation was incorporated as a public limited company under the Companies Act, 2013 and received its certificate for commencement of business on June 26, 2015. Its corporate identification number is U85100MH2015NPL266051. SBI Foundation is engaged in the business of undertaking corporate social responsibility on behalf of SBI and its subsidiaries.

SBI-SG Global Securities Services Private Limited

SBI-SG was incorporated as a private limited company under the Companies Act, 1956 on May 16, 2008. Its corporate identification number is U74900MH2008PTC182269. SBI-SG is currently engaged in the business of providing services as a custodian of securities and depository participant activities.

Confirmations and Disclosures by our Group Companies

None of our Group Companies have failed to meet the listing requirements or have failed to list on any recognised stock exchange in India or abroad.

Public or rights issue in the preceding three years

Except as stated below, none of our Group Companies have made any public or rights issue (as defined under the SEBI ICDR Regulations) in the preceding three years:

(a) SBI Life had its initial public offering of its equity shares in Fiscal 2018. The issue price of its equity shares was ₹ 700 and the current market price of its equity shares is ₹ 952.10 and ₹ 951.60 (as on November 25, 2019, as per the BSE and NSE data, respectively); and

(b) SBI General had its rights issue of its equity shares in Fiscal 2017. The issue price of its equity shares was ₹ 180.

Loss making Group Companies

None of our Group Companies have made a loss in the immediately preceding year, as determined from amongst the Group Companies for which financial statements for the immediately preceding year are available.

Interests and common pursuits

Except as disclosed below, none of our Group Companies have any business interest in our Company including an interest in any property acquired by our Company within the three years preceding the date of filing this Draft Red Herring Prospectus or proposed to be acquired by it, or any interest in any transaction by our Company pertaining to acquisition of land, construction of building and supply of machinery, etc.

(a) Our Company has entered into certain business agreements (including corporate agency agreements and corporate card agreements) with some of our Group Companies. For details of amounts paid to our Group Companies, see "***Financial Statements –Annexure V- Note 41- Notes to Related Party Transactions***" on page 288.
(b) SBICAP has received certain amount as arranger fees in relation to certain NCDs issued by our Company and is one of the BRLMs to the Offer. For details of amounts paid to SBICAP, see "***Financial Statements –Annexure V- Note 41- Notes to Related Party Transactions***" on page 288.

SBICAP Securities is registered as a corporate agent (composite). Other than this, there is no common pursuit between us and our other Group Companies.

None of our Group Companies have any interest in the promotion or formation of our Company.

Details of sick Group Companies and Group Companies under winding up

None of our Group Companies is a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or under the applicable laws of the jurisdiction in which they have been incorporated. Further, as on the date of this Draft Red Herring Prospectus, no winding up or insolvency proceedings or actions have been initiated against any of our Group Companies.

Details of defunct Group Companies and Group Companies for which application was made for striking off

None of our Group Companies have remained defunct and no application has been made to the relevant registrar of companies for striking off the name of any of our Group Companies during the preceding five years.

Related Party Transactions

Except as set forth in "***Financial Statements –Annexure V- Note 41- Notes to Related Party Transactions***" on page 288, our Company does not have any transactions with our Group Companies exceeding, in the aggregate, 10% of the total revenue of our Company. For more information on business transactions with our Group Companies and its significance on our financial performance, see "***Financial Statements –Annexure V- Note 41- Notes to Related Party Transactions***" on page 288.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the RBI Act, 1934 ("**RBI Act**") and the Companies Act. The dividend policy of our Company was approved and adopted by our Board in their meeting on November 23, 2019. Pursuant to the dividend policy, our Company may declare dividend from the profits earned during the current financial year. The declaration of dividend is required to be in compliance with Companies Act, RBI Act, the SEBI Listing Regulations and our Article of Association. The dividend policy stipulates, *inter alia*, certain financial and external factors which will be considered before declaration of dividend by our Board. Such factors include profitability, regulatory capital requirement projected for next two fiscals as per latest business plan, future capital expenditure requirements and such other factors and or material events which our Board may consider. The Board may declare dividend after transferring 20% of our net profit as disclosed in the profit and loss account to statutory reserve as per Section 45 IC of the RBI Act and other necessary statutory compliances. Further, our Board is required to recommend final dividend to shareholders for their approval based on review of profits arrived at as per audited financial statements. The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future. For details in relation to our capability to pay a dividend see "***Risk Factors – Our ability to pay dividends in the future will depend upon applicable RBI regulations and our future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***" on page 47.

The details of dividend paid by our Company, on a consolidated basis as of six months ended September 30, 2019 and in the last three Fiscals are set out in the following table:

Particulars	**September 30, 2019**	**Fiscal 2019**	**Fiscal 2018**	**Fiscal 2017**
Number of Equity Shares	932,334,278	837,222,224	785,000,002	785,000,002
Face Value of Equity Shares	₹ 10	₹ 10	₹ 10	₹ 10
Rate of Dividend (%)	-	10%	-	10%
Dividend per Equity Share (in ₹)	-	₹1	-	₹1
Amount of Dividend (in ₹ million)	-	837.22 (excluding dividend distribution tax)	-	785.00 (excluding dividend distribution tax)
Mode of payment of dividend	-	Electronic	-	Electronic

Our Company has not paid any interim dividend from the last audited period until the date of this Draft Red Herring Prospectus.

SECTION V- FINANCIAL INFORMATION

FINANCIAL STATEMENTS

S. Ramanand Aiyar & Co.
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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

The Board of Directors
SBI Cards and Payment Services Limited

DLF Infinity Towers, Tower C
10th -12th Floor, Block 2, Building 3, DLF Cyber City
Gurugram, Haryana 122002
India

Dear Sirs,

1. We have examined the attached Restated Financial Information of SBI Cards and Payment Services Limited (formerly known as SBI Cards and Payment Services Private Limited) (the "Company" or the "Issuer") comprising the Restated Statement of Assets and Liabilities as at September 30, 2019, September 30, 2018, March 31, 2019, March 31, 2018 and March 31, 2017, the Restated Statements of Profit and Loss (including Other Comprehensive Income), the Restated Statement of Changes in Equity, the Restated Cash Flow Statement for the six months periods ended September 30, 2019 and September 30, 2018 and for the years ended March 31, 2019, 2018 and 2017, the summary statement of significant accounting policies, read with other explanatory information, notes and annexures thereto (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on November 11, 2019 for the purpose of inclusion in the Draft Red Herring Prospectus/Red Herring Prospectus/ Prospectus ("DRHP/RHP/Prospectus") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

   b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

   c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by The Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

Management's Responsibility for the Restated Financial Information

2. The Company's Board of Directors is responsible for the preparation of the Restate

Financial Information for the purpose of inclusion in the DRHP /RHP/ Prospectus to be filed with Securities and Exchange Board of India, relevant Stock Exchanges and Registrar of Companies, N.C.T of Delhi and Haryana, as relevant, in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 3 to the Restated Financial Information. The responsibility of the Company's Board of Directors includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

Auditor's Responsibility

3. We have examined such Restated Financial Information taking into consideration:
   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated September 20, 2019 in connection with the proposed IPO of equity shares of the Company;
   b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
   d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

Restated Summary as per audited Financial Information

4. These Restated Financial Information have been compiled by the management from:
   a) The audited interim Ind AS financial statements of the Company as at and for the six months periods ended September 30, 2019 and September 30, 2018 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act and other accounting principles generally accepted in India (the "Interim Ind AS Financial Statements") which have been approved by the Board of Directors at their meeting held on October 22, 2019.

b) The audited Ind AS financial statements of the Company as at and for the year ended March 31, 2019, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 28, 2019 The comparative information for the year ended March 31, 2018 included in such financial statements has been prepared by making Ind AS adjustments to the audited financial statements of the Company as at and for the year ended March 31, 2018, prepared in accordance with the accounting standards notified under section 133 of the Act ("Indian GAAP") which was approved by the Board of Directors at their meeting held on April 30, 2018.

c) The Restated Financial Information also contains the proforma Ind AS financial information as at and for the year ended March 31, 2017. The proforma Ind AS financial information has been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2017 which have been approved by the Board of Directors at their meeting held on April 27, 2017 as described in Note 52 to the Restated Financial Information.

5. For the purpose of our examination, we have relied on:
   a. Auditors' report issued by us dated October 22, 2019 on the financial statements of the Company as at and for the six months periods ended September 30, 2019 and September 30, 2018 and auditors' reports issued by us dated June 28, 2019 and April 30, 2018 as at and for each of the years ended March 31, 2019 and March 31, 2018, respectively, as referred in Paragraph [4] above. We have included an Emphasis of Matter in our audit report dated June 28, 2019 in respect of financial statements for the year ended March 31, 2019 which describe the presentation of profit and loss statement for the year ended March 31, 2018 on a restated basis to include figures of SBI Business Process Management Services Private Limited, which was amalgamated into the Company with effect from April 01, 2018, for the period from December 15, 2017 to March 31, 2018, as discussed in Note 51 to the Restated Financial Information of the Company.
   b. Auditors' Report issued by M/s Gandhi Minocha & Co., Chartered Accountants ("Previous Auditor") dated April 27, 2017 on the Indian GAAP financial statements of the Company as at and for the year ended March 31, 2017, as referred in Paragraph [4] above.

The audit for the financial year ended March 31, 2017 was conducted by the Previous Auditor, and accordingly reliance has been placed by us on the financial statements audited by the Previous Auditor, whose report has been furnished to us. It should be noted that our opinion on the examination of the Restated Financial Information of the Company, in so far as it relates to the amounts included in the Restated Financial Information in respect of the year ended March 31, 2017 relates solely to the Ind AS adjustments and restatement adjustments made to the financial statements of the Company as at and for the year ended March 31, 2017 audited by Previous Auditor.

6. As indicated in our audit reports referred to above, we did not audit the financial statements/information of SBI Business Process Management Services Private Limited ("Branch") (which was amalgamated into the Company with effect from April 01, 2018) that were included in the Ind AS financial statements of the Company for the year ended March 31, 2019. Financial statements/information of the Branch have been audited by M/s K.G. Somani & Co., Chartered Accountants, referred to as "Branch Auditor" by the Office of the Comptroller and Auditor General of India vide their letter No CA.V/COY/CENTRAL GOVERNMENT.SBICRD(1)/1989 dated June 19, 2019 ("Branch Auditor") whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the Branch, is based solely on the report of such Branch Auditor. Our audit opinion is not modified in respect of this matter. Further, it should be noted that our opinion on examination of the Restated Financial Information of the Company, in so far as it relates to the amounts included in these Restated Financial Information in respect of the Branch relates solely to the restatement adjustments made to the financial statements / information of the Branch for the year ended March 31, 2019 audited by the Branch Auditor.

7. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the audit reports submitted by the Previous Auditor and Branch Auditor for the respective period / years, we report that the Restated Financial Information:

   a) has been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2019, March 31, 2018 and March 31, 2017 and the six months period ended September 30, 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the six months period ended September 30, 2019;

b) has been prepared after incorporating proforma Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2017 as described in Note 52 to the Restated Financial Information;

c) has been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. The Restated Financial Information does not reflect the effects of events that occurred subsequent to the respective dates of the reports on the interim Ind AS financial statements and audited financial statements mentioned in Paragraph [4] above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, the Previous Auditor or the Branch Auditor, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP/RHP/Prospectus to be filed with Securities and Exchange Board of India, relevant stock exchanges and Registrar of Companies, N.C.T Delhi and Haryana, as relevant, in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm's Registration Number 000990N

R Balasubramanian
Partner
Membership No-080432
UDIN:19080432AAAAMQ3919
Place of Signature: NEW DELHI
Date: NOVEMBER 11, 2019

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure I
Restated Statement of Assets and Liabilities
(Figure in Rupees Millions, unless otherwise stated)

Particulars	Notes (Annexure V)	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
ASSETS						
1 **Financial Assets**						
(a) Cash and cash equivalents	5	4,471.48	5,413.02	7,335.04	3,119.03	1,747.22
(b) Bank Balance other than (a) above	6	455.78	1,010.97	432.71	1,607.74	1,082.25
(c) Derivative financial instruments	7	-	462.92	1.04	-	-
(d) Receivables						
(i) Trade Receivables	8	1,798.27	684.70	1,488.23	229.99	252.78
(ii) Other Receivables	9	1,028.52	1,348.84	1,461.97	1,277.33	1,072.02
(e) Loans	10	222,794.83	156,659.30	179,087.27	140,455.39	99,828.51
(f) Investment	11	14.63	14.63	14.63	0.01	0.01
(g) Other financial assets	12	290.31	530.50	306.09	1,139.22	24.71
Total financial assets		**230,853.82**	**166,124.88**	**190,126.98**	**147,828.71**	**104,007.50**
2 **Non- financial assets**						
(a) Current tax assets (Net)	22	645.88	-	-	-	-
(b) Deferred tax assets (Net)	13	1,285.68	1,078.03	1,665.12	880.06	1,292.02
(c) Property plant and equipment	14	541.71	404.08	575.42	418.61	16.58
(d) Capital work in progress	14	108.75	158.90	43.38	133.37	-
(e) Intangible assets	14	655.30	505.43	646.02	439.77	-
(f) Intangible assets under development	14	172.24	164.46	158.32	217.20	-
(g) Right-of-use Assets	14	1,789.40	1,551.63	1,642.85	1,559.18	221.92
(h) Other non Financial assets	15	8,538.65	6,047.63	7,538.25	5,383.12	2,111.83
Total non-financial assets		**13,737.61**	**9,910.16**	**12,269.36**	**9,031.31**	**3,642.35**
Total Assets (1+2)		**244,591.43**	**176,035.04**	**202,396.34**	**156,860.02**	**107,649.85**
LIABILITIES AND EQUITY						
Liabilities						
3 **Financial liabilities**						
(a) Derivative financial instruments	16	196.53	-	1,095.35	28.54	-
(b) Payables	17					
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises		-	-	0.02	1.59	10.70
(ii) total outstanding dues of creditors other than micro enterprises and small		861.64	679.28	6,614.94	5,180.59	1,177.99
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small		51.77	31.31	35.60	113.41	2.05
(c) Debt Securities	18	64,968.22	11,985.55	40,793.16	29,489.26	75,097.82
(d) Borrowings (Other than Debt Securities)	19	96,841.68	99,326.20	83,744.11	74,658.55	2,197.37
(e) Subordinated Liabilities	20	12,463.54	9,982.60	11,967.99	9,980.37	5,388.97
(f) Other financial liabilities	21	10,494.31	8,490.49	9,576.90	6,448.54	2,883.16
Total financial liabilities		**185,877.69**	**130,495.43**	**153,828.07**	**125,900.85**	**86,758.06**
4 **Non- financial liabilities**						
(a) Current Tax liabilities (Net)	22	-	323.03	762.27	104.02	17.34
(b) Provisions	23	10,662.94	9,778.18	6,284.17	3,924.14	4,952.19
(c) Other non financial liabilities	24	4,951.72	3,463.62	5,704.60	3,400.37	1,434.09
Total non financial liabilities		**15,614.66**	**13,564.83**	**12,751.04**	**7,428.53**	**6,403.62**
Total liabilities (3+4)		**201,492.35**	**144,060.26**	**166,579.11**	**133,329.38**	**93,161.68**
5 **Equity**						
(a) Equity Share capital	25	9,323.34	8,372.22	8,372.22	7,850.00	7,850.00
(b) Other equity	26	33,775.74	23,602.56	27,445.01	15,680.64	6,638.17
Total equity		**43,099.08**	**31,974.78**	**35,817.23**	**23,530.64**	**14,488.17**
Total liabilities and equity (3+4+5)		**244,591.43**	**176,035.04**	**202,396.34**	**156,860.02**	**107,649.85**

Note:
The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Restated Financial Information appearing in Annexure V (Notes 1 to 52) and Statement of Adjustments to Audited Financial Statements appearing in Annexure VI.

As per our report of even date attached
For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. :000990N

R. Balasubramanian
Partner
Membership No. : 080432

Place:
Date:

For and on behalf of the Board of Directors of
SBI Cards and Payment Services Limited

Mr. Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Dr. Tejendra Mohan Bhasin
Director
DIN: 03091429

Mr. Nalin Negi
Chief Financial Officer

Ms. Payal Mittal
Company Secretary

Place:
Date:

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure II
Restated Statement of Profit and Loss
(Figure in Rupees Millions, unless otherwise stated)

	Particulars	Notes (Annexure V)	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
1	**Revenue from Operations**						
(i)	Interest Income		22,115.64	16,992.17	35,757.12	27,599.80	18,881.60
(ii)	Income from fees and services		19,378.36	13,593.90	30,720.37	21,772.67	13,115.85
(iii)	Service Charges		527.40	329.76	1,258.59	796.13	533.39
(iv)	Business development incentive income		1,566.07	707.86	2,166.73	1,628.40	883.29
(v)	Insurance commission income		52.92	41.54	87.26	72.75	47.90
(vi)	Net gain on fair value changes	27	(1.04)	491.45	1.04	-	-
	Total Revenue from operations		**43,639.35**	**32,156.68**	**69,991.11**	**51,869.75**	**33,462.03**
2	Other Income	28	3,132.73	1,266.06	2,877.23	1,832.17	1,248.35
3	**Total Income (1+2)**		**46,772.08**	**33,422.74**	**72,868.34**	**53,701.92**	**34,710.38**
4	**EXPENSES**						
(i)	Finance costs	29	6,213.22	4,659.86	10,172.10	7,115.11	5,284.32
(ii)	Employee benefits expenses	30	2,103.13	1,921.87	3,904.03	1,930.88	953.07
(iii)	Depreciation, amortisation and impairment	31	478.75	367.56	811.01	244.93	47.93
(iv)	Operating and other expenses	32	20,358.01	15,435.37	33,045.94	27,119.22	17,318.75
(v)	CSR expenses	33	15.15	24.45	141.85	97.75	70.39
(vi)	Impairment losses & bad debts	34	7,257.97	5,214.87	11,477.42	8,000.58	5,319.69
	Total expenses		**36,426.23**	**27,623.98**	**59,552.35**	**44,508.47**	**28,994.15**
5	**Profit before tax (3-4)**		**10,345.85**	**5,798.76**	**13,315.99**	**9,193.45**	**5,716.23**
6	**Tax expense:**	35					
	Current tax charge / (credit)		2,673.25	2,218.83	5,403.12	2,854.91	2,500.63
	Current tax charge / (credit) - prior years		38.05	-	71.49	(192.06)	(41.09)
	Deferred tax charge / (credit)		375.73	(186.17)	(785.81)	519.17	(471.90)
	Total Tax Expenses		**3,087.03**	**2,032.66**	**4,688.80**	**3,182.02**	**1,987.64**
7	**Profit after tax for the year (5-6)**		**7,258.82**	**3,766.10**	**8,627.19**	**6,011.43**	**3,728.59**
8	**Other Comprehensive Income**						
	A (i) Items that will not be reclassified to profit or loss						
	(a) Remeasurements of the defined benefit liabilities / (asset)		(43.04)	(33.75)	(50.22)	(27.56)	(22.05)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		10.83	11.79	17.55	9.54	7.63
	Subtotal (A)		**(32.21)**	**(21.96)**	**(32.67)**	**(18.02)**	**(14.42)**
	B (i) Items that will be reclassified to profit or loss						
	(a) Gain/(loss) on forward contracts in hedging relationship		57.78	-	2.18	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		(14.54)	-	(0.76)	-	-
	Subtotal (B)		**43.24**	**-**	**1.42**	**-**	**-**
	Other comprehensive income (A+B)		**11.03**	**(21.96)**	**(31.25)**	**(18.02)**	**(14.42)**
9	**Total Comprehensive Income for the year (7+8)**		**7,269.85**	**3,744.14**	**8,595.94**	**5,993.41**	**3,714.17**
10	**Earnings per equity share (for continuing operation):**	36					
	(1) Basic		7.79	4.20	9.43	7.40	4.75
	(2) Diluted		7.79	4.20	9.43	7.40	4.75

Note:
The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Restated Financial Information appearing in Annexure V (Notes 1 to 52) and Statement of Adjustments to Audited Financial Statements appearing in Annexure VI.

As per our report of even date attached
For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. :000990N

For and on behalf of the Board of Directors of
SBI Cards and Payment Services Limited

Mr. Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Dr. Tejendra Mohan Bhasin
Director
DIN: 03091429

R. Balasubramanian
Partner
Membership No. : 080432

Mr. Nalin Negi
Chief Financial Officer

Ms. Payal Mittal
Company Secretary

Place:
Date:

Place:
Date:

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure IV
Restated Statement of Cash Flows
(Figure in Rupees Millions, unless otherwise stated)

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
A. CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax for the period	10,345.85	5,798.76	13,315.99	9,193.45	5,716.23
Adjustments for :					
Depreciation and amortisation expense	478.75	367.56	811.01	244.93	47.93
Liabilities written back	(1,617.83)	(4.75)	(10.93)	(17.70)	(21.74)
Impairment loss and provision for doubtful debts	7,257.97	5,214.87	11,464.83	8,000.58	5,319.69
Net impect of assets derocgnise persuant to adoption of Ind AS 116	-	(0.30)	(1.44)	6.70	(0.31)
Other Interest Income	(24.38)	(62.64)	(178.12)	(76.39)	(0.06)
Employee stock options	12.00	-	-	-	-
Finance Cost	6,213.22	4,659.86	10,172.10	7,115.11	5,284.32
Unrealised foreign exchange (Gain)/loss (net) on Borrowing	-	399.87	-	-	-
Loss/ (Profit) on sale of property, plant & equipment	2.26	0.29	(0.22)	0.57	(0.02)
Profit on sale on investments	(3.11)	(0.58)	(3.83)	(5.37)	(4.34)
Fair valuation of derivatives	1.04	(491.45)	(1.04)	28.54	-
Operating profit before working capital changes	**22,665.77**	**15,881.49**	**35,568.35**	**24,490.42**	**16,341.70**
Adjustment for changes in working capital					
Adjustments for (increase) / decrease in operating assets:					
Trade Receivables	(310.05)	(454.71)	(1,258.24)	806.18	269.48
Other Receivables	2,051.28	(66.75)	(173.71)	(187.62)	(468.33)
Other financial assets	11.18	603.34	797.14	(364.14)	(10.99)
Other non financial assets	(1,000.41)	(664.50)	(2,117.65)	(2,791.20)	(794.66)
Loans	(50,965.53)	(21,418.77)	(50,109.30)	(48,627.47)	(33,292.79)
Adjustments for increase / (decrease) in operating liabilities:					
Other financial liabilities	451.34	1,786.95	2,419.13	2,978.24	895.42
Other non financial liabilities	(752.89)	60.03	2,303.98	1,719.82	498.13
Provisions	5,345.08	5,820.23	1,300.50	(351.50)	2,291.74
Trade payables	(5,737.16)	(4,585.00)	1,354.96	3,056.09	330.00
	-	-			
Cash from/ (used) in operations	**(28,241.39)**	**(3,037.69)**	**(9,914.84)**	**(19,271.18)**	**(13,940.30)**
Finance Cost Paid	(5,336.07)	(4,856.62)	(8,946.21)	(6,917.18)	(5,022.97)
Cash from/ (used) in operations before taxes	**(33,577.46)**	**(7,894.31)**	**(18,861.05)**	**(26,188.35)**	**(18,963.27)**
Direct taxes paid (net of refunds)	(4,119.44)	(2,000.06)	(4,788.38)	(2,582.54)	(3,385.53)
Net cash generated/ (used) in operating activities	**(37,696.90)**	**(9,894.37)**	**(23,649.43)**	**(28,770.89)**	**(22,348.80)**
B. CASH FLOW FROM INVESTING ACTIVITIES					
Capital expenditure on property, plant and equipment	(311.82)	(270.25)	(928.25)	(355.26)	(15.50)
'Proceeds from sale of property, plant and equipment	(0.00)	0.38	1.03	2.66	2.66
Investment purchased	(6,650.00)	(1,714.62)	(7,664.62)	(14,300.00)	(12,700.01)
Investment sold	6,653.11	1,700.58	7,653.83	14,305.37	12,704.34
Interest Income	28.98	68.03	214.11	32.38	0.06
NET CASH USED IN INVESTING ACTIVITIES (B)	**(279.73)**	**(215.88)**	**(723.90)**	**(314.85)**	**(8.45)**
C. CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issue of Share Capital	-	522.22	522.22	-	-
Proceeds from securities premium	-	4,177.78	4,177.78	-	-
Proceeds from Debt Securities	123,589.37	113,593.25	199,283.50	221,008.57	234,766.47
Repayment of Debt Securities	(99,893.12)	(130,353.97)	(187,351.38)	(266,228.38)	(187,257.75)
Borrowings (Other than Debt Securities)	12,236.43	24,037.89	9,128.34	71,055.27	(26,077.39)
Proceeds from Subordinated Liabilities	1,000.00	-	2,500.00	5,000.00	2,000.00
Repayment of Subordinated Liabilities	(500.00)	-	(500.00)	(400.00)	-
Interim Dividend Paid	(1,009.36)	-	-	(944.81)	(944.81)
Lease payment made	(287.19)	(169.69)	(346.13)	(141.65)	(44.22)
NET CASH (USED) / GENERATED IN FINANCING ACTIVITIES (C)	**35,136.14**	**11,807.48**	**27,414.33**	**29,349.00**	**22,442.30**
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(2,840.49)**	**1,697.23**	**3,041.00**	**263.25**	**85.05**
Cash and bank balances as at the beginning of the year	**7,767.75**	**4,726.76**	**4,726.76**	**2,829.47**	**2,744.41**
Cash and bank balances on account of Amalgamation	**-**	**-**	**-**	**1,634.05**	**-**
Cash and bank balances as at the end of the year	**4,927.26**	**6,423.99**	**7,767.75**	**4,726.76**	**2,829.47**
	(2,840.49)	**1,697.23**	**3,041.00**	**263.25**	**85.05**
Supplementary information:					
Restricted cash balance, refer note 6	445.66	380.86	432.60	352.07	1,082.25

Note:

1. The Restated Statement of Cash Flows has been prepared in accordance with the 'Indirect Method' specified in Ind AS 7, Statement of Cash Flows, as per Accounting Standards specified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules 2015.

2. The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Restated Financial Information appearing in Annexure V (Notes 1 to 52) and Statement of Adjustments to Audited Financial Statements appearing in Annexure VI.

(Figure in Rupees Millions, unless otherwise stated)

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
3. Cash and bank balances include:	**Amount (In Rs.)**	**Amount (In Rs.)**	**Amount (In Rs.)**	**Amount (In Rs.)**	**Amount (In Rs.)**
Cash in hand	-	-	-	-	-
Balance with Scheduled banks on					
- Current accounts	61.01	93.78	69.14	98.07	73.03
-Funds in transit (Lying in nodal account of intermediatery/payment gateway aggregator)	4,410.47	4,284.24	4,605.70	2,475.96	1,674.19
-Deposit with maturity less than 3 months	-	1,035.00	2,660.20	545.00	-
Cash and cash equivalents at the end of the year	**4,471.48**	**5,413.02**	**7,335.04**	**3,119.03**	**1,747.22**
Add : Earmarked balances with bank	445.66	380.86	432.60	352.07	1,082.25
Add : Deposits with original maturity for more than 3 months but less than 12 months	-	570.00	-	1,170.20	-
Add : Fixed Deposits (under Lien for guarantees)	10.12	60.11	0.11	85.47	-
Cash and bank balances at the end of the year	**4,927.26**	**6,423.99**	**7,767.75**	**4,726.76**	**2,829.47**

As per our report of even date attached
For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. :000990N

R. Balasubramanian
Partner
Membership No. : 080432

Place:
Date:

For and on behalf of the Board of Directors of
SBI Cards and Payment Services Limited

Mr. Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Dr. Tejendra Mohan Bhasin
Director
DIN: 03091429

Mr. Nalin Negi
Chief Financial Officer

Ms. Payal Mittal
Company Secretary

Place:
Date:

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure III
Restated Statement of Changes in Equity
(Figure in Rupees Millions, unless otherwise stated)

A. Equity Share Capital

Particulars	Number of shares	Amount
Balance as at April 01, 2016 (Proforma)	785,000,002	7,850.00
Changes in equity share capital during the year	-	-
Balance as at March 31, 2017 (Proforma)	**785,000,002**	**7,850.00**
Balance as at April 01, 2017	785,000,002	7,850.00
Changes in equity share capital during the year	-	-
Balance as at March 31, 2018	**785,000,002**	**7,850.00**
Balance as at April 01, 2018	785,000,002	7,850.00
Changes in equity share capital during the year	52,222,222	522.22
Balance as at March 31, 2019	**837,222,224**	**8,372.22**
Balance as at April 01, 2018	785,000,002	7,850.00
Changes in equity share capital during the year	52,222,222	522.22
Balance as at September 30, 2018	**837,222,224**	**8,372.22**
Balance as at April 01, 2019	837,222,224	8,372.22
Changes in equity share capital during the year	95,112,054	951.12
Balance as at September 30, 2019	**932,334,278**	**9,323.34**

B. Other Equity

	Reserves and Surplus								OCI		
Particulars	**Capital reserve**	**Capital redemption reserve**	**Statutory reserve**	**General reserve**	**Capital reserve created on account of amalgamation**	**Securities Premium reserve**	**Retained earnings**	**Share options outstanding account**	**Effective Portion of Cash flow hedges**	*** Shares pending allotment pursuant to scheme of amalgamation**	**Total**
Balance as at April 01, 2016 (Proforma)	**4.90**	**-**	**2,422.94**	**47.66**	**-**	**-**	**1,394.08**	**-**	**-**	**-**	**3,869.57**
Addition	-	-	-	-	-	-	3,728.59	-	-	-	3,728.59
Utilised during the year	(0.76)	-	-	-	-	-	-	-	-	-	(0.76)
Interim equity dividend	-	-	-	-	-	-	(784.95)	-	-	-	(784.95)
Tax on Interim equity Dividend	-	-	-	-	-	-	(159.86)	-	-	-	(159.86)
Other comprehensive income, net of income taxes	-	-	-	-	-	-	(14.42)	-	-	-	(14.42)
Transferred from Profit and Loss Account @ 20%	-	-	780.82	-	-	-	(780.82)	-	-	-	-
Balance as at March 31, 2017 (Proforma)	**4.14**	**-**	**3,203.76**	**47.66**	**-**	**-**	**3,382.63**	**-**	**-**	**-**	**6,638.17**
Balance as at April 01, 2017	4.14	-	3,203.76	47.66	-	-	3,382.62	-	-	-	6,638.17
Addition	-	-	726.25	9.43	-	-	6,011.43	-	-	-	6,747.11
Addition due to amalgamation	5.29	33.99	-	72.85	-	-	2,700.91	-	-	951.12	3,764.17
Other comprehensive income, net of income taxes	-	-	-	-	-	-	(18.02)	-	-	-	(18.02)
Transferred from Profit and Loss Account @ 20% *	-	-	-	-	-	-	(726.25)	-	-	-	(726.25)
Transferred to General Reserve	(9.43)	-	-	-	-	-	-	-	-	-	(9.43)
Capital reserve due to amalgamation	-	-			(715.11)	-	-	-		-	(715.11)
Balance as at March 31, 2018	**-**	**33.99**	**3,930.01**	**129.94**	**(715.11)**	**-**	**11,350.69**	**-**	**-**	**951.12**	**15,680.64**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure III
Restated Statement of Changes in Equity
(Figure in Rupees Millions, unless otherwise stated)

	Reserves and Surplus								OCI		
Particulars	**Capital reserve**	**Capital redemption reserve**	**Statutory reserve**	**General reserve**	**Capital reserve created on account of amalgamation**	**Securities Premium reserve**	**Retained earnings**	**Share options outstanding account**	**Effective Portion of Cash flow hedges**	*** Shares pending allotment pursuant to scheme of amalgamation**	**Total**
Balance as at April 01, 2018	-	33.99	3,930.01	129.94	(715.11)	-	11,350.69	-	-	951.12	15,680.64
Addition	-	-	1,729.93	-	-	4,177.78	8,627.19	-	1.42	-	14,536.33
Other comprehensive income, net of income taxes	-	-	-	-	-	-	(32.67)	-	-	-	(32.67)
Interim equity dividend	-	-	-	-	-	-	(837.26)	-	-	-	(837.26)
Tax on Interim equity Dividend	-	-	-	-	-	-	(172.09)	-	-	-	(172.09)
Transferred from Profit and Loss Account @ 20%	-	-	-	-	-	-	(1,729.93)	-	-	-	(1,729.93)
Balance as at March 31, 2019	**-**	**33.99**	**5,659.94**	**129.94**	**(715.11)**	**4,177.78**	**17,205.93**	**-**	**1.42**	**951.12**	**27,445.01**
Balance as at April 01, 2018	-	33.99	3,930.01	129.94	(715.11)	-	11,350.69	-	-	951.12	15,680.64
Addition	-	-	-	-	-	4,177.78	3,766.10	-	-	-	7,943.88
Other comprehensive income, net of income taxes	-	-	-	-	-	-	(21.95)	-	-	-	(21.95)
Interim equity dividend	-	-	-	-	-	-	-	-	-	-	-
Tax on Interim equity Dividend	-	-	-	-	-	-	-	-	-	-	-
Transferred from Profit and Loss Account @ 20%	-	-	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2018	**-**	**33.99**	**3,930.01**	**129.94**	**(715.11)**	**4,177.78**	**15,094.84**	**-**	**-**	**951.12**	**23,602.56**
Balance as at April 01, 2019	-	33.99	5,659.94	129.94	(715.11)	4,177.78	17,205.93	-	1.42	951.12	27,445.01
Addition	-	-	-	-	-	-	7,258.82	12.00	43.24	-	7,314.06
Other comprehensive income, net of income taxes	-	-	-	-	-	-	(32.21)	-	-	-	(32.21)
Interim equity dividend	-	-	-	-	-	-	-	-	-	-	-
Tax on Interim equity Dividend	-	-	-	-	-	-	-	-	-	-	-
Transferred from Profit and Loss Account @ 20%	-	-	-	-	-	-	-	-	-	-	-
Shares allotment pursuant to scheme of amalgamation	-	-	-	-	-	-	-	-	-	(951.12)	(951.12)
Balance as at September 30, 2019	**-**	**33.99**	**5,659.94**	**129.94**	**(715.11)**	**4,177.78**	**24,432.53**	**12.00**	**44.66**	**(0.00)**	**33,775.74**

Note:
The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Restated Financial Information appearing in Annexure V (Notes 1 to 52) and Statement of Adjustments to Audited Financial Statements appearing in Annexure VI.

As per our report of even date attached
For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. :000990N

For and on behalf of the Board of Directors of
SBI Cards and Payment Services Limited

R. Balasubramanian
Partner
Membership No. : 080432

Mr. Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Dr. Tejendra Mohan Bhasin
Director
DIN: 03091429

Mr. Nalin Negi
Chief Financial Officer

Ms. Payal Mittal
Company Secretary

Place:
Date:

Place:
Date:

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Basis of preparation and significant accounting policies
(Figures in Rupees millions, unless otherwise stated)

1. Company overview

SBI Cards and Payment Services Limited, formerly known as SBI Cards and Payment Services Private Limited, (the ''Company" or "SBI Card") was incorporated on May 15, 1998 and is engaged in the business of issuing credit cards to consumers in India. The Company's registered office is at Netaji Subhash Place, Wazirpur, New Delhi – 110034 and its principal place of business is at DLF Infinity Towers, Gurugram, Haryana,122002 and is domiciled in India. The Company was incorporated as a joint venture between State Bank of India and GE Capital Mauritius Overseas Investment. On December 15, 2017, GE Capital Mauritius Overseas Investments sold its entire stake (40%) in the Company to State Bank of India (14%) and CA Rover Holdings (26%).

The Company is a Non-Deposit accepting Systemically Important Non-Banking Financial Company (NBFC-ND-SI) registered with Reserve Bank of India (the "RBI") vide Registration Number 14.01328 dated October 6, 1998 under section 45 IA of the RBI Act, 1934. Accordingly, all provisions of the Reserve Bank Act, 1934 and all directions, guidelines or instructions of the RBI that have been issued from time to time and are in force and as applicable to a Non-Banking Financial Company are applicable to the Company.

The Company also acts as corporate insurance agent for selling insurance policies to credit card customers. The Company has been granted license on March 1, 2012 by the Insurance Regulatory and Development Authority of India ("IRDA") under the Insurance Regulatory and Development Authority (Insurance brokers) regulations, 2002 to act as a corporate insurance agent, valid up to March 31, 2022.

The Company converted to Public Limited from Private Limited, pursuant to approval from Registrar of Companies, N.C.T. of Delhi and Haryana on August 20, 2019.

2. Compliance with Ind AS

The Financial Statements comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

Financial statements for the year ended March 31, 2019 were the first set of Ind AS financial statements issued by the Company, hence were covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ("Indian GAAP"), which is considered as the Previous GAAP, for purposes of Ind AS 101. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Equity and Total Comprehensive income are provided in Annexure V, Note 52.

3. Basis of preparation of financial statements

The preparation of the Financial Statements requires the use of certain critical accounting estimates and judgements. It also requires the Management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Annexure V, Note 4.17.

All amounts included in these Financial Statements are reported in millions of Indian rupees (₹ in millions) unless stated otherwise.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Basis of preparation and significant accounting policies
(Figures in Rupees millions, unless otherwise stated)

The Restated Statement of Assets and Liabilities of the Company as at September 30, 2019; September 30, 2018; March 31, 2019, 2018 and 2017 and the Restated Statement of Profit and Loss, the Restated Statement of Changes in Equity and the Restated Statement of Cash Flows for half years ended September 30, 2019 and September 30, 2018; and for the years ended March 31, 2019, 2018, and 2017, along with notes thereto (hereinafter collectively referred to as "Restated Financial Information") has been prepared under Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013. The Restated Financial Information has been compiled by the Company for the half year ended September 30, 2019, half year ended September 30, 2018, year ended March 31, 2019 and year ended March 31, 2018 from the Audited Financial Statements of the Company prepared under Ind AS and for the year ended March 31, 2017 have been compiled based on Audited Financial Statements prepared under Indian GAAP ("Audited Financial Statements") adjusted in conformity with Ind AS.

The Restated Financial Information have been prepared by the Management in connection with the proposed listing of equity shares of the Company by way of an Initial Public Offer ("IPO"), which is to be filed by Company with the Securities and Exchange Board of India ("SEBI"), the Registrar of Companies, Delhi and the concerned Stock Exchanges in accordance with the requirements of:

a) Section 26 of Part 1 of Chapter III of the Companies Act, 2013 ("Act");

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

These Restated Financial Information have been extracted by the Management from:

a) Audited interim Ind AS financial statements of the Company as at and for the half year ended September 30, 2019 and September 30, 2018 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act and other accounting principles generally accepted in India (the "Interim Ind AS Financial Statements").

b) Audited Ind AS financial statements of the Company as at and for the year ended March 31, 2019, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors. The comparative information for the year ended March 31, 2018 included in such financial statements have been prepared by making Ind AS adjustments to the audited financial statements of the Company as at and for the year ended March 31, 2018, prepared in accordance with the accounting standards notified under the section 133 of the Act ("Indian GAAP").

c) The Restated Financial Information also contains the proforma Ind AS financial information as at and for the year ended March 31, 2017. The proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2017.

The Restated Financial Information have been prepared so as to contain information disclosures and incorporating adjustments set out below in accordance with the SEBI ICDR Regulations:

a) prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2019, March 31, 2018 and March 31, 2017 and for the half year ended September 30, 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the half year ended September 30, 2019;

b) prepared after incorporating proforma Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2017 to the Restated Financial Information; and

c) prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

3.1. Historical cost convention

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments that are measured at fair values, at the end of each reporting period, as explained in the accounting policies below.

3.2. Use of estimates

The preparation of financial statements in conformity with the financial reporting framework applicable to the Company requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include provision for expected credit losses and estimated useful life of Tangible Assets. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any changes in estimates are recognised prospectively. Refer Note 4.17 for critical estimates and judgements applied in preparation of financial statements

3.3. Current – Non Current classification

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

3.4. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest millions (up to two decimals), except as stated otherwise.

3.5. Business Combinations

Business combinations involving entities that are controlled by the Company are accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values or recognise any new assets or liabilities.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial

statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.

- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against capital reserve, general reserve and balance with retained earnings in given sequence.

- The identity of the reserves is preserved, and the reserves of the transferor become the reserves of the transferee.

3.6. Regrouping

Appropriate adjustments have been made in the respective years of Restated Statements of Assets and Liabilities, Profits and Loss and Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the audited financials of the Company for the year ended September 30, 2019.

4. Significant Accounting Policies

4.1. Revenue recognition

The Company's operating revenues are comprised principally of service revenues such as Interest income on financial assets i.e. loans advanced, membership fee earned, transaction revenue earned on interchange including target incentives offered by network partners. Other fee and charges include cheque bounce charge, late fees, over limit fees etc. The Company also earns income from investments made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. 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, regardless of when the payment is being made. Amounts disclosed are net of returns, trade discounts, rebates, value added taxes etc.

4.1.1. Interest income

Interest income includes interest income on dues from credit card holders and on EMI based advances.

Interest income and expense for all financial instruments, excluding those classified as held for trading or designated at fair value are recognised in 'Interest income' and 'Finance expense' in the Restated Statement of Profit and Loss using the effective interest rate method. Interest on impaired substandard financial assets is accounted at net carrying value.

4.1.2. Income from fees and services

The Company sells credit card memberships to card holders, income earned from the provision of membership services is recognised as revenue over the membership period consisting of 12 months at fair value of the consideration net of expected reversals/ cancellations.

Other service revenue consists of value-add services provided to the card holders. Other service revenues are recognised in the same period in which related transactions occur or services rendered.

Interchange fees are collected from acquirers and paid to issuers by network partners to reimburse the issuers for a portion of the costs incurred for providing services that benefit all participants in the system, including acquirers and merchants. Revenue from interchange income is recognised when related transaction occurs, or service is rendered.

4.1.3. Service Charges

The Company enters into contracts with co-brand partners and other service providers for marketing, sales and promotional activities. The income is recognised in the same period in which related performance is done as per the terms of the business arrangements.

Income from business process management services is recognised when (or as) the Company satisfies performance obligation by transferring promised services to the customer.

4.1.4. Business Development Incentive

The Company enters into long-term contracts with network partners for various programs designed to build payments volume, increase product acceptance. Revenue recognition is based on estimated performance and the terms of the business arrangements.

4.1.5. Insurance Commission Income

The Company acts as corporate insurance agent for selling insurance policies to credit card customers and the income arising therefrom is recognised in the same period in which related transactions occurs or services rendered at fair value of consideration net off expected reversals/cancellations.

4.1.6. Income from Investments and Fixed Deposits

Dividend income is recognised when the right to receive the dividend is established.

Income from Fixed Deposit is recognised on accrual basis.

Excess of sale price over purchase price of mutual fund units is recognised as income at the time of sale.

4.1.7. Unidentified receipts and Stale cheques

The total unidentified receipts which could not be credited or adjusted in the customers' accounts for lack of complete and correct information is considered as liability in Restated Statement of Assets and Liabilities. The estimated unidentified receipts aged more than 6 months and up to 3 years towards the written off customers is written back as income on the reporting date. Further, the unresolved unidentified receipts aged more than three years are also written back as income on the reporting date.

The liability for stale cheques aged for more than three years is written back as income.

4.1.8. Recovery from bad debts

Recovery from bad debts written off is recognised as income based on actual realisations from customers.

4.2. Expenditure

Expenses are recognised on accrual basis. Expenses incurred on behalf of other companies, for sharing personnel, etc. are allocated to them at cost and reduced from respective expense classifications.

Similarly, expense allocation received from other companies is included within respective expense classifications.

4.3. Borrowing cost

Borrowing cost consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Any expenditure which is directly attributable to borrowing is capitalized and amortised over the life of borrowing loan. Borrowing cost also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

4.4. Property, Plant and Equipment

Under the previous GAAP (Indian GAAP), all assets were carried in the balance sheet at cost, less accumulated depreciation and accumulated impairment losses, if any. The Company has applied Ind AS 16 Property, Plant and Equipment prospectively to new acquisitions beyond transition date and considered the carrying amount as per previous GAAP as deemed cost in accordance with Ind AS 101 First Time adoption.

Property, Plant and equipment including capital work in progress are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised. The assets are fully depreciated over the life and residual value of the assets is considered as NIL, for the purpose of depreciation computation.

Capital work- in- progress includes cost of property, plant and equipment under installation / development as at the reporting date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment is provided on straight line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013. The useful life is as follows:

Description	Useful Life
Furniture and Fixtures	10
Office equipment	5
Computers & Computer Equipment	3
Owned Vehicles	8
Computer Server	6

Improvements of leasehold property are depreciated over the period of the lease term or useful life, whichever is shorter.

Assets acquired under finance lease are depreciated over the lease term or useful life, whichever is shorter.

4.5. Intangible assets

Separately acquired intangible assets: Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

4.6. Internally generated intangibles, excluding capitalised development cost, are not capitalised and the related expenditure is reflected in Restated Statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The Company has considered the carrying amount as on transition date as deemed cost in accordance with Ind AS 101 First Time adoption.

Intangible assets comprise purchase of software, recognised at cost and amortised at the rate of 20%-50%, which represents the period over which the Company expects to derive the economic benefits from the use of the asset.

4.7. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. Company also regularly assesses collectability of dues and creates appropriate impairment allowance based on internal provision matrix. Impairment losses including impairment on inventories are recognised in the Restated Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

4.8. Financial Instruments

Initial Recognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Subsequent Recognition

(I) Non -derivative financial instruments

Financial Assets

Financial assets are carried at amortized cost using Effective Interest rate method (EIR):

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective Interest Rate (EIR) method:

The effective interest rate method is a method of calculating the amortised cost of financial asset and of allocating interest income over the expected life. Income is recognised in the Restated Statement of Profit and Loss on an effective interest rate basis for financial assets other than those classified as at fair value through profit or loss (FVTPL).

EIR is determined at the initial recognition of the financial asset. EIR is subsequently updated for financial assets having floating interest rate, at the respective reset date, in accordance with the terms of the respective contract.

Once the terms of financial assets are renegotiated, other than market driven interest rate movement, any gain/ loss measured using the previous EIR as calculated before the modification, is recognised in the Restated Statement of Profit and Loss in period during which such renegotiations occur.

Financial assets at fair value through other comprehensive income:

A financial asset is subsequently measured at fair value through Other Comprehensive Income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL):

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

However, in cases where the Company has made an irrevocable election for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, the subsequent changes in fair value are recognized in Other Comprehensive Income.

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;

- the Company has transferred the rights to receive cash flows from the financial assets, or

- the Company has retained the contractual right to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised.

Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognised. Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure;

- Financial assets measured at amortised cost;

- Financial assets measured at fair value through other comprehensive income (FVTOCI);

For recognition of impairment loss on Loans to customers, where no significant increase in credit risk has been observed, such assets are classified in "Stage 1" and a 12 months ECL is recognised. Loans that are considered to have significant increase in credit risk are considered to be in "Stage 2" and those which are in default or for which there is an objective evidence of impairment are considered to be in "Stage 3". Life time ECL is recognised for stage 2 and stage 3 Loans. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Further, for corporate portfolio, Company's credit risk function also segregates loans with specific risk characteristics based on trigger events identified using sufficient and credible information available from internal sources supplemented by external data. Impairment allowance for these exposures are reviewed and accounted on a case by case basis. If in subsequent period, credit quality of the corporate loan improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL. For further details refer to note 38.2.2.

For other financial assets, the Company uses a provision matrix to determine impairment loss allowance on the portfolio of receivables. The provision matrix is based on its historically observed default rates and management judgement/ estimates over the expected life of receivable.

Write off policy:

Loans are written off when the Company has no reasonable expectation of recovering the financial asset (either in its entirety or a portion of it). A write off constitutes a derecognition event.

Company estimates such write off to get triggered on accounts which are overdue for 191 days or more from payment due date. Further, for certain commercial accounts carrying specific provision, where the likelihood of recovery of the outstanding is remote, company may trigger an early charge off on a case to case based on management judgement. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest rate method.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or medication is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Restated Statement of Profit and Loss.

(II) Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The Company does not use derivative financial instruments for speculative purposes. The counter-party to the Company's foreign currency forward contracts is generally a bank. The Company has derivative financial instruments which are not designated as hedges.

Any derivative that is not designated as hedge is categorized as a financial asset or financial liability, at fair value through profit or loss account.

Hedging

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on booked exposures. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Cash flow hedge

Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting dates. The Company designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. The forward points of the currency forward contracts are therefore excluded from the hedge designation. The designated forward element is amortized in profit or loss account over a systematic basis. The change in forward element of the contract that relates to the hedge item is recognised in other comprehensive income in the cost of hedging reserve within equity. Amounts accumulated in other comprehensive income is reclassified to profit or loss in the period in which the hedged item hits profit or loss.

When a hedged transaction occurs or is no longer expected to occur, the net cumulative gain or loss recognized in cash flow hedging reserve is transferred to the Restated Statement of Profit and Loss.

Offsetting of financial instruments:

Financials assets and financial liabilities are offset, and the net amount is reported in the Restated Statement of Assets and Liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4.9. Leases

The Company has applied Ind AS 116 – 'Leases' using the modified retrospective approach.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company's lease asset classes primarily consist of leases for computer server and building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contact involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payment that depends on index or a rate, and amount to be paid under residual value guarantees. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, the Company uses incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Transition to Ind AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Under this option, the Company has recognised lease liability measured at an amount equal to present value of remaining lease payments using the incremental borrowing rate as at April 1, 2019 and corresponding ROU asset is measured at an amount equivalent to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Restated Statement of Assets and Liabilities immediately before the date of initial application.

The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

2. Applied the short-term lease exemption to leases with lease term that ends within 12 months at the date of initial application.

3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

4. Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

5. The accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases.

For the purposes of Restated Financial Information, the Company has given adjustments for lease accounting in accordance with Ind AS 116 using modified retrospective approach pursuant to which adjustments have been made with the opening retained earnings as at April 1, 2016, and all the related figures have been reclassified/ regrouped to give effect to the requirements of Ind AS 116, refer Annexure VI – “Statement of Adjustments to Audited Financial Statements”.

4.10. Income-tax expense

Current Tax

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

Current income tax relating to item recognised outside the Restated Statement of Profit and Loss is recognised outside profit or loss (either in other comprehensive income or equity). Current tax items are recognised in correlation to the underlying transactions either in OCI or directly in equity.

<u>Deferred Tax</u>

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the Restated Statement of Profit and Loss is recognised outside the Restated Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or direct in equity.

Minimum Alternate Tax (MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

4.11. Foreign currency

Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The Company’s financial statements are presented in Indian rupee which is also the Company’s functional and presentation currency.

Initial recognition

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

Measurement of foreign currency items at the reporting date.

Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability.

The Company enters into derivative contracts in the nature of forward contracts with an intention to hedge its existing liabilities. Derivative contracts being financial instruments not designated in a hedging relationship are recognised at fair value with changes being recognised in profit and loss account.

4.12. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Restated Statement of Assets and Liabilities.

Other long-term employee benefit obligations

<u>Gratuity</u>

The Employee’s Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust maintained with SBI Life insurance Company limited. The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the reporting date, based upon which the Company contributes to the Company Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds is provided for as assets/ (liability) in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under Employee benefit expense in statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income
- Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Restated Statement of Assets and Liabilities with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods."

<u>Provident fund</u>

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable through provident fund scheme as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognised as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, then excesses recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

Long Service Award

The Company's long service award is defined benefit plan. The present value of obligations under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at Reporting date, having maturity periods approximating to the terms of related obligations.

Compensated Absences

Accumulated leaves which is expected to be utilised within next 12 months is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement and is discharge by the year end. Liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date is recognized based on undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the reporting date is estimated based on an actuarial valuation performed by an independent actuary using the projected unit credit method.

The Company has a policy on compensated absences which is by way of accumulating compensated absences arising during the tenure of the service is calculated by taking into consideration of availment of leave. Liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date is recognized based on undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the reporting date is estimated based on an actuarial valuation performed by an independent actuary using the projected unit credit method.

National pension scheme (NPS)

The Company makes contributions to National Pension System (NPS), for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to NPS. The contributions payable to NPS by the Company are at rates specified in the rules of the schemes.

Employee stock Option Plan

Employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant in accordance with Ind AS 102.

The expense is recognized in the Restated statement of Profit and Loss with a corresponding increase to the share-based payment reserve, a component of equity. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

The impact of the revision of the original estimates, if any, is recognized in Restated Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

4.13. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti-dilutive.

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity share outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares)

4.14. Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Provisions are reviewed at each Reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

4.15. Provision for reward points redemption

The Company has a reward point's program which allows card members to earn points based on spends through the cards that can be redeemed for cash, gift vouchers and retail merchandize. The Company makes payments to its reward partners when card members redeem their points and creates provisions to cover the cost of future reward redemptions. The liability for reward points outstanding as at the year-end and expected to be redeemed in the future is estimated based on an actuarial valuation.

4.16. Cash and Cash Equivalent

Cash and cash equivalents comprise cash balances on hand, cash balances in bank, funds in transit lying in nodal account of intermediaries/payment gateway aggregators and highly liquid investments with maturity period of three months or less from date of investment

4.17. Critical accounting judgements and key sources of estimation uncertainty

(I) Revenue Recognition: Application of the various accounting principles in Ind AS 115 related to the measurement and recognition of revenue requires us to make judgments and estimates. Specifically, complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. We consider various factors in estimating transaction volumes and estimated marketing activities target fulfilment, expected behavioural life of card etc.

(II) Business development incentive: Estimation of business development incentives relies on forecasts of payments volume, card issuance etc. Performance is estimated using, transactional information - historical and projected information and involves certain degree of future estimation.

(III) Card life: Estimation of card life relies on behavioural life trend established basis past customer behaviour / observed life cycle

(IV) Differences between actual results and our estimates are adjusted in the period of actual performance

(V) Management is required to assess the probability of loss and amount of such loss with respect to legal proceedings, if any, in preparing of financial statements

(VI) Property, Plant and equipment: The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as change in technology.

(VII) Impairment of financial assets: A number of significant judgements are also required in applying the accounting requirements for measuring ECL such as;

- Establishing groups of similar financial assets for the purposes of measuring ECL (Portfolio segmentation)
- Defining default
- Determining criteria for significant increase in credit risk.
- Choosing appropriate models and assumptions for measurement of ECL.

(VIII) Fair value measurements and valuation processes

- In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.
- Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 31
- All assets and liabilities for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level
- Input that is significant to the fair value measurement as a whole:

  Level 1— Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

- For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(IX) Cost of reward points: The cost of reward point includes the cost of future reward redemption which is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

(X) Defined Benefit Plans (Gratuity): The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(XI) Lease: The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

5. Cash and cash equivalents

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Balance with banks (of the nature of cash and cash equivalents)					
Current Accounts	61.01	93.78	69.14	98.07	73.03
Funds in transit (lying in nodal account of intermediaries/payment gateway aggregators)	4,410.47	4,284.24	4,605.70	2,475.96	1,674.19
Deposits with maturity less than 3 months	-	1,035.00	2,660.20	545.00	-
Total	**4,471.48**	**5,413.02**	**7,335.04**	**3,119.03**	**1,747.22**

6. Bank Balance other than (5) above

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Deposits (under Lien)	10.12	60.11	0.11	85.47	-
Deposits with original maturity for more than 3 months but less than 12 months	-	570.00	-	1,170.20	-
Earmarked balances with bank*	445.66	380.86	432.60	352.07	1,082.25
TOTAL	**455.78**	**1,010.97**	**432.71**	**1,607.74**	**1,082.25**

(*) Earmarked balances represents excess balances from customers and unidentified receipts kept in a separate bank account.

7. Derivative Financial Instruments (Assets)

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Part I					
(i) Currency Derivatives					
-Spot and forwards	-	462.92	1.04	-	-
Total	**-**	**462.92**	**1.04**	**-**	**-**
Part II					
(i) Cash Flow hedging					
-Currency derivatives	-	462.92	1.04	-	-
Total	**-**	**462.92**	**1.04**	**-**	**-**

(Refer note no. 38)

8. Trade receivable

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
To be realised within twelve months after reporting date:					
Receivables considered good					
- Unsecured	1,798.27	684.70	1,488.23	229.99	252.78
Receivables which have significant increase in Credit Risk	1.62	-	-	-	-
Less : - Impairment loss allowance	(1.62)	-	-	-	-
Total	**1,798.27**	**684.70**	**1,488.23**	**229.99**	**252.78**

The average credit period on sale of services is 30-60 days. No interest is charged on trade receivables from the date of the invoice.

9. Other receivables

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
To be realised within twelve months after reporting date:					
Receivables considered good					
- Unsecured	1,028.52	1,168.69	628.49	609.28	680.31
Receivables which have significant increase in Credit Risk	7.49	11.71	6.29	8.87	4.16
Total- Gross	**1,036.01**	**1,180.40**	**634.78**	**618.15**	**684.47**
To be realised after twelve months after reporting date:					
Receivables considered good					
- Unsecured	-	180.15	833.49	668.05	391.70
Total- Gross	**-**	**180.15**	**833.49**	**668.05**	**391.70**
Less:					
'Impairment loss allowance	(7.49)	(11.71)	(6.29)	(8.87)	(4.16)
Total- Net	**1,028.52**	**1,348.84**	**1,461.97**	**1,277.33**	**1,072.02**

(Figure in Rupees Millions, unless otherwise stated)

Company manages its credit risk from customers from credit approvals, establishing credit limits and monitoring credit worthiness of its customers. The Company uses a provision matrix taking into account historical experience and available internal and external risk factors to compute expected credit loss allowance for other receivables and unbilled revenue.
Of the other receivable VISA and Master Card accounts for 65% as at September 30, 2019, 68% as at March 31, 2019, 76% as at September 30, 2018, 82% as at March 31, 2018 and 86% as at March 31, 2017 (Proforma).

Movement in the expected credit loss allowance

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Balance at beginning of the year	(6.29)	(8.87)	(8.87)	(4.16)	(10.73)
Movement in expected credit loss allowance on other receivables calculated at lifetime expected credit losses	(1.20)	(2.84)	2.58	(4.71)	6.57
Balance at end of the year	**(7.49)**	**(11.71)**	**(6.29)**	**(8.87)**	**(4.16)**

10. Loans

Others

At Amortized Cost	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
(A)					
Loans & advances to customers					
- To be realised within twelve months after reporting date	206,935.79	148,326.92	165,986.29	132,269.14	96,582.29
- To be realised after twelve months after reporting date	23,447.31	14,261.38	19,276.64	13,428.85	6,469.68
Total (A)- Gross	**230,383.10**	**162,588.30**	**185,262.94**	**145,697.99**	**103,051.97**
Less:					
Impairment loss allowance	(7,588.27)	(5,929.00)	(6,175.66)	(5,242.60)	(3,223.46)
Total (A)- Net	**222,794.83**	**156,659.30**	**179,087.27**	**140,455.39**	**99,828.51**
(B)					
(i) Secured by lien on fixed deposits and financial guarantees	3,389.57	3,570.51	2,478.11	2,629.33	2,816.67
(ii) Unsecured	226,993.54	159,017.79	182,784.82	143,068.66	100,235.30
Total (B)- Gross	**230,383.10**	**162,588.30**	**185,262.93**	**145,697.99**	**103,051.97**
Less:					
'Impairment loss allowance	(7,588.27)	(5,929.00)	(6,175.66)	(5,242.60)	(3,223.46)
Total (B)- Net	**222,794.83**	**156,659.30**	**179,087.27**	**140,455.39**	**99,828.51**
(C) Loans in India					
(i) Public sector	27.42	20.47	22.42	68.69	11.47
(ii) Others	230,355.68	162,567.83	185,240.52	145,629.30	103,040.50
Total (C)- Gross	**230,383.10**	**162,588.30**	**185,262.94**	**145,697.99**	**103,051.97**
Less:					
Impairment loss allowance	(7,588.27)	(5,929.00)	(6,175.66)	(5,242.60)	(3,223.46)
Total (C)- Net	**222,794.83**	**156,659.30**	**179,087.27**	**140,455.39**	**99,828.51**
(D)					
(i)Standard Advances	225,004.70	158,017.59	180,733.45	141,573.02	100,642.94
Less : - Impairment loss allowance	(3,983.92)	(2,854.39)	(3,164.34)	(2,465.19)	(1,587.77)
Total	**221,020.78**	**155,163.20**	**177,569.11**	**139,107.83**	**99,055.18**
(ii) Sub-standard Advances	5,378.41	4,570.71	4,529.49	4,124.97	2,409.02
Less : - Impairment loss allowance	(3,604.35)	(3,074.61)	(3,011.33)	(2,777.40)	(1,635.70)
Total	**1,774.05**	**1,496.10**	**1,518.16**	**1,347.57**	**773.32**
Total (D) Gross	**230,383.10**	**162,588.30**	**185,262.93**	**145,697.99**	**103,051.97**
Less:					
Impairment loss allowance	(7,588.27)	(5,929.00)	(6,175.66)	(5,242.60)	(3,223.46)
Total (D)- Net	**222,794.83**	**156,659.30**	**179,087.27**	**140,455.39**	**99,828.51**

(Figure in Rupees Millions, unless otherwise stated)

11. Investments

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
At Amortized Cost					
Investment to be realised after twelve months after the reporting date					
-Equity instruments	0.01	0.01	0.01	0.01	0.01
At Fair Value through Other Comprehensive Income					
Investment to be realised after twelve months after the reporting date					
-Equity instruments	14.62	14.62	14.62	-	-
Total	**14.63**	**14.63**	**14.63**	**0.01**	**0.01**

During the half year ending September 30, 2019, the Company has purchased and sold the units of Mutual Funds, the details of which are as follows :

Fund Name	Units	Purchase Amount	Sale Amount
Aditya Birla Sun Life Liquid Fund	1,095,064.32	3,350.00	3,351.86
Axis Liquid Fund	47,289.23	1,000.00	1,000.55
HDFC Liquid Fund	25,176.05	950.00	950.25
ICICI Liquid Fund	476,752.36	1,350.00	1,350.45
Total	**1,644,281.96**	**6,650.00**	**6,653.11**

During the half year ending September 30, 2018, the Company has purchased and sold the units of Mutual Funds, the details of which are as follows :

Fund Name	Units	Purchase Amount	Sale Amount
DSP Black Rock Liquid Fund	13,802.24	350.00	350.17
Reliance Liquid Fund	9,249.30	400.00	400.22
SBI Liquid Fund	34,011.25	950.00	950.18
Total	**57,062.79**	**1,700.00**	**1,700.57**

During the year ending March 31, 2019, the Company has purchased and sold the units of Mutual Funds, the details of which are as follows :

Fund Name	Units	Purchase Amount	Sale Amount
DSP Black Rock Liquid Fund	13,802.24	350.00	350.17
HDFC Liquid Fund	54,297.96	1,950.00	1,951.43
ICICI Liquid Fund	1,019,813.70	2,750.00	2,751.37
Reliance Liquid Fund	14,752.94	650.00	650.28
SBI Premier Liquid Fund	69,318.32	1,950.00	1,950.60
Total	**1,171,985.16**	**7,650.00**	**7,653.84**

During the year ending March 31, 2018, the Company has purchased and sold the units of Mutual Funds, the details of which are as follows :

Fund Name	Units	Purchase Amount	Sale Amount
Axis Liquid Fund	358,926.22	6,650.00	6,652.88
HDFC Liquid Fund	78,528.36	2,600.00	2,600.62
ICICI Liquid Fund	1,278,656.92	3,150.00	3,151.13
SBI Premier Liquid Fund	71,507.50	1,900.00	1,900.74
Total	**1,787,619.00**	**14,300.00**	**14,305.37**

During the year ending March 31, 2017 (Proforma), the Company has purchased and sold the units of Mutual Funds, the details of which are as follows :

Fund Name	Units	Purchase Amount	Sale Amount
Axis Liquid Fund	281,795.70	4,950.00	4,952.23
HDFC Liquid Fund	107,573.30	3,300.00	3,301.06
ICICI Liquid Fund	1,278,960.10	2,970.00	2,970.77
SBI Premier Liquid Fund	59,003.20	1,480.00	1,480.30
Total	**1,727,332.30**	**12,700.00**	**12,704.36**

12. Other Financial assets

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
To be realised within twelve months after reporting date:					
-Interest accrued but not due	2.33	38.21	7.35	43.91	0.00
- Notice pay receivables from employees- which have significant increase in Credit Risk	11.64	9.39	10.14	11.73	1.36
-Security deposits					
- Unsecured, considered good	35.97	35.47	29.28	25.98	15.09
- Others which have significant increase in Credit Risk	16.77	4.79	5.06	5.06	-
-Bank deposit with maturity of more than 12 months					
-Deposits (under lien for guarantees)	50.55	0.24	0.33	0.23	-
-Other Bank Deposit	-	250.00	-	870.00	-
Less : - Impairment loss allowance	(28.42)	(14.18)	(15.20)	(16.79)	(1.36)
	88.84	**323.92**	**36.96**	**940.11**	**15.09**
To be realised after twelve months after reporting date:					
-Interest accrued but not due	1.08	0.41	0.66	0.10	-
-Security deposits					
- Unsecured, considered good	177.89	183.38	195.77	176.22	9.42
-Bank deposit with maturity of more than 12 months					
-Deposits (under lien for guarantees)	22.50	22.79	72.70	22.79	0.20
	201.47	**206.58**	**269.13**	**199.11**	**9.62**
Total	**290.31**	**530.50**	**306.09**	**1,139.22**	**24.71**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

13. Deferred Tax Assets (Net)

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
To be adjusted after twelve months after reporting date:					
-Deferred tax asset	1,285.68	1,078.03	1,665.12	880.06	1,292.02
Total	**1,285.68**	**1,078.03**	**1,665.12**	**880.06**	**1,292.02**

For the half year ended September 30, 2019

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	DTA Rate Change and Previous year trueup	Acquisitions / disposals	Closing balance
Deferred tax (liabilities)/assets in relation to:						
Property, plant and equipment	(13.94)	(38.25)	-	3.96	-	(48.24)
Membership & Processing fee	1,040.47	103.55	-	(291.08)	-	852.93
Provision for expenses	269.92	56.26	-	(58.17)	-	268.01
Staff benefits and statutory dues	79.56	(17.89)	10.83	(4.95)	-	67.55
Fair Value of Derivative	(0.76)	0.55	(14.54)	0.21	-	(14.54)
Deferred revenue	(0.00)	-	-	-	-	(0.00)
Amortisation of card acquisition cost	(2,028.94)	(272.09)	-	567.62	-	(1,733.40)
Leases	32.52	(9.73)	-	-	-	22.79
Provision for doubtful debts & ECL	2,298.81	411.39	-	(644.86)	-	2,065.34
Defined benefit obligation	2.33	-	-	(0.65)	-	1.68
Debt Issue expenses	(14.85)	(3.50)	-	4.16	-	(14.20)
Others	-	(182.25)	-	-	-	(182.25)
Total	**1,665.12**	**48.03**	**(3.71)**	**(423.77)**	**-**	**1,285.68**

There are no unrecognised deductible temporary differences on which deferred tax asset/liability has not been created.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

For the half year ended September 30, 2018

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Acquisitions / disposals*	Closing balance
Deferred tax (liabilities)/assets in relation to:						
Property, plant and equipment	(15.61)	2.40	-	-	-	(13.22)
Membership & Processing fee	733.88	121.18	-	-	-	855.07
Provision for expenses	269.32	52.12	-	-	-	321.44
Staff benefits and statutory dues	50.07	(8.64)	11.79	-	-	53.22
Fair valuation of derivatives	(6.02)	-	-	-	-	(6.02)
Deferred revenue	(231.20)	-	-	-	-	(231.20)
Amortisation of card acquisition cost	(1,285.49)	(280.30)	-	-	-	(1,565.79)
Leases	20.14	7.08	-	-	-	27.22
Provision for doubtful debts & ECL	1,353.64	291.64	-	-	-	1,645.28
Debt Issue expenses	(8.67)	0.69	-	-	-	(7.97)
Total	**880.06**	**186.17**	**11.79**	**-**	**-**	**1,078.03**

There are no unrecognised deductible temporary differences on which deferred tax asset/liability has not been created.

For the year ended March 31, 2019

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Acquisitions / disposals	Closing balance
Deferred tax (liabilities)/assets in relation to:						
Property, plant and equipment	(15.61)	1.67	-	-	-	(13.94)
Membership & Processing fee	733.88	306.58	-	-	-	1,040.47
Provision for expenses	269.32	0.60	-	-	-	269.92
Staff benefits and statutory dues	50.07	29.49	-	-	-	79.56
Fair Value of Derivative	(6.02)	6.02	(0.76)	-	-	(0.76)
Deferred revenue	(231.20)	231.20	-	-	-	(0.00)
Amortisation of card acquisition cost	(1,285.49)	(743.44)	-	-	-	(2,028.94)
Leases	20.14	12.38	-	-	-	32.52
Provision for doubtful debts & ECL	1,353.64	945.18	-	-	-	2,298.81
Defined benefit obligation	-	2.33	-	-	-	2.33
Debt Issue expenses	(8.67)	(6.19)	-	-	-	(14.85)
Total	**880.06**	**785.81**	**(0.76)**	**-**	**-**	**1,665.12**

There are no unrecognised deductible temporary differences on which deferred tax asset/liability has not been created.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

For the year ended March 31, 2018

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Acquisitions / disposals*	Closing balance
Deferred tax (liabilities)/assets in relation to:						
Property, plant and equipment	0.90	6.29	-	-	(22.80)	(15.61)
Membership & Processing fee	524.82	209.06	-	-	-	733.88
Provision for expenses	531.57	(301.78)	-	-	39.53	269.32
Staff benefits and statutory dues	16.16	(51.81)	9.54		76.18	50.07
Fair valuation of derivatives	-	(6.02)	-	-	-	(6.02)
Deferred revenue	(135.56)	(95.64)	-	-	-	(231.20)
Amortisation of card acquisition cost	(581.52)	(703.97)	-	-	-	(1,285.49)
Leases	7.42	12.73	-	-	-	20.14
Provisions	-	-	-	-	-	-
Provision for doubtful debts & ECL	935.25	413.62	-	-	4.77	1,353.64
Defined benefit obligation	-	-	-	-	-	-
Debt Issue expenses	(7.02)	(1.65)	-	-	-	(8.67)
Total	**1,292.02**	**(519.17)**	**9.54**	**-**	**97.68**	**880.06**

For the year ended March 31, 2017 (Proforma)

Particulars	Opening balance (Proforma)	Recognised in profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Acquisitions / disposals*	Closing balance (Proforma)
Deferred tax (liabilities)/assets in relation to:						
Property, plant and equipment	0.55	0.36	-	-	-	0.90
Membership & Processing fee	294.94	229.88	-	-	-	524.82
Provision for expenses	346.11	185.46	-	-	-	531.57
Staff benefits and statutory dues	35.16	(26.63)	7.63	-	-	16.16
Fair valuation of derivatives	-	-	-	-	-	-
Deferred revenue	(252.32)	116.76	-	-	-	(135.56)
Amortisation of card acquisition cost	(414.23)	(167.29)	-	-	-	(581.52)
Leases	0.08	7.34	-	-	-	7.42
Provisions	-	-	-	-	-	-
Provision for doubtful debts & ECL	807.11	128.14	-	-	-	935.25
Defined benefit obligation	-	-	-	-	-	-
Debt Issue expenses	(4.90)	(2.11)	-	-	-	(7.02)
Total	**812.49**	**471.90**	**7.63**	**-**	**-**	**1,292.02**

There are no unrecognised deductible temporary differences on which deferred tax asset/liability has not been created.

Note: Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws. Deferred tax assets/ (liabilities) are disclosed based on entity-wise position as at each Balance Sheet date.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

Note 14

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
1. Property, plant and equipment					
A. Carrying amounts of:					
Furniture & Fixture	21.97	24.19	23.61	12.40	2.33
Office equipment	49.22	54.89	50.23	48.99	0.17
Owned Vehicles	0.68	-	0.77	-	0.89
Computers including server					
'-Owned	270.45	222.72	309.48	244.30	0.20
'-On lease	-	-	-	-	-
Leasehold improvements	199.38	102.29	191.34	112.92	12.99
Total	**541.71**	**404.08**	**575.42**	**418.61**	**16.58**
B. Capital work in progress					
Capital work in progress	108.75	158.90	43.38	133.37	-
Total	**108.75**	**158.90**	**43.38**	**133.37**	**-**
2. Intangible Assets					
A. Carrying value of other intangible assets					
Computer sotware	655.30	505.43	646.02	439.77	-
Total	**655.30**	**505.43**	**646.02**	**439.77**	**-**
B. Intangible Assets under development					
Intangible assets under development	172.24	164.46	158.32	217.20	-
Total	**172.24**	**164.46**	**158.32**	**217.20**	**-**
3. Right-of-use Assets					
Right-of-use Assets					
Computer server	946.06	494.03	664.12	476.12	-
Building	843.34	1,057.61	978.73	1,083.07	221.92
Total	**1,789.40**	**1,551.63**	**1,642.85**	**1,559.18**	**221.92**
Total	**3,267.40**	**2,784.49**	**3,065.99**	**2,768.14**	**238.49**

1. Property, plant and equipment

a) Year ended March 31, 2017 (Proforma)

Particulars	Furniture & Fixture	Office equipment	Owned Vehicles	Computers including server (Owned)	Computers including server (leased)	Leasehold Improvements	Total	Capital work in progress
Gross carrying amount								
Deemed Cost as at April 01, 2016 (Proforma)	1.59	0.19	1.06	0.15	-	-	2.99	-
Additions	0.98	0.13	-	0.20	-	14.12	15.44	-
Deletions	-	(0.08)	-	(0.08)	-	-	(0.16)	-
Gross carrying amount at March 31, 2017 (Proforma)	**2.57**	**0.24**	**1.06**	**0.27**	**-**	**14.12**	**18.27**	**-**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

Particulars	Furniture & Fixture	Office equipment	Owned Vehicles	Computers including server (Owned)	Computers including server (leased)	Leasehold Improvements	Total	Capital work in progress
Accumulated Depreciation								
Balance at April 01, 2016 (Proforma)	-	-	-	-	-	-	-	-
Depreciation during the period	0.25	0.12	0.17	0.08	-	1.13	1.75	-
Eliminated on disposals of assets	-	(0.04)	-	(0.02)	-	-	(0.06)	-
Accumulated Depreciation at March 31, 2017 (Proforma)	**0.25**	**0.07**	**0.17**	**0.07**	-	**1.13**	**1.69**	-
Net carrying amount as on March 31, 2017 (Proforma)	**2.33**	**0.17**	**0.89**	**0.20**	-	**12.99**	**16.58**	-

b) Year ended March 31, 2018

Particulars	Furniture & Fixture	Office equipment	Owned Vehicles	Computers including server (Owned)	Computers including server (leased)	Leasehold Improvements	Total	Capital work in progress
Gross carrying amount								
Deemed Cost as at April 01, 2017	2.33	0.17	0.89	0.20	-	12.99	16.58	-
Net Block for transferee entity	9.45	38.85	-	196.33	468.35	107.50	820.47	90.93
Additions	2.91	14.97	-	92.72	27.69	3.73	142.02	55.39
Reclassified on account of adoption of Ind AS116	-	-	-	-	(496.04)	-	(496.04)	-
Deletions	(1.53)	(0.19)	(0.89)	(0.15)	-	(0.84)	(3.60)	(12.94)
Gross carrying amount at March 31, 2018	**13.16**	**53.80**	**-**	**289.10**	**-**	**123.38**	**479.44**	**133.37**
Accumulated Depreciation								
Balance at April 01, 2017	-	-	-	-	-	-	-	-
Depreciation during the period	0.92	4.84	0.13	44.84	19.92	10.46	81.10	-
Reclassified on account of adoption of Ind AS116	-	-	-	-	(19.92)	-	(19.93)	-
Eliminated on disposals of assets	(0.16)	(0.04)	(0.13)	(0.04)	-	-	(0.36)	-
Accumulated Depreciation at March 31, 2018	**0.76**	**4.80**	**-**	**44.80**	**-**	**10.46**	**60.83**	**-**
Net carrying amount as on March 31, 2018	**12.40**	**48.99**	**-**	**244.30**	**-**	**112.92**	**418.61**	**133.37**

c) Year ended March 31, 2019

Particulars	Furniture & Fixture	Office equipment	Owned Vehicles	Computers including server (Owned)	Computers including server (leased)	Leasehold Improvements	Total	Capital work in progress
Gross carrying amount								
Balance as at April 01, 2018	**13.16**	**53.80**	**-**	**289.10**	**-**	**123.38**	**479.44**	**133.37**
Additions	15.20	18.93	0.81	196.56	320.25	125.78	677.52	40.18
Reclassified on account of adoption of Ind AS116	-	-	-	-	(320.25)	-	(320.25)	-
Deletions	(0.94)	(0.11)	-	(0.12)	-	-	(1.16)	(130.17)
Gross carrying amount at March 31, 2019	**27.41**	**72.62**	**0.81**	**485.55**	**-**	**249.16**	**835.55**	**43.38**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

Accumulated Depreciation								
Balance at April 01, 2018	**0.76**	**4.80**	**-**	**44.80**	**-**	**10.46**	**60.83**	-
Depreciation during the period	3.32	17.60	0.04	131.33	132.25	47.36	331.90	-
Reclassified on account of adoption of Ind AS116	-	-	-	-	(132.25)	-	-	-
Eliminated on disposals of assets	(0.28)	(0.01)	-	(0.06)	-	-	(0.35)	-
Accumulated Depreciation at March 31, 2019	**3.80**	**22.39**	**0.04**	**176.07**	**-**	**57.83**	**392.38**	**-**
Net carrying amount as on March 31, 2019	**23.61**	**50.23**	**0.77**	**309.48**	**-**	**191.34**	**575.42**	**43.38**

d) Half year ended September 30, 2018

Particulars	**Furniture & Fixture**	**Office equipment**	**Owned Vehicles**	**Computers including server (Owned)**	**Computers including server (leased)**	**Leasehold Improvements**	**Total**	**Capital work in progress**
Gross carrying amount								
Balance at April 01, 2018	**13.16**	**53.80**	-	**289.10**	-	**123.38**	**479.44**	**133.37**
Additions	13.95	14.59	-	38.22	75.74	4.13	146.64	25.52
Reclassified on account of adoption of Ind AS116	-	-	-	-	(75.74)	-	-	-
Deletions	(0.75)	(0.11)	-	0.06	-	-	(0.80)	-
Gross carrying amount at September 30, 2018	**26.36**	**68.28**	-	**327.38**	-	**127.52**	**625.28**	**158.90**
Accumulated Depreciation								
Balance at April 01, 2018	**0.76**	**4.80**	-	**44.80**	-	**10.46**	**60.83**	-
Depreciation during the period	1.49	8.60	-	59.89	57.83	14.77	142.59	-
Reclassified on account of adoption of Ind AS116	-	-	-	-	(57.83)	-	(57.83)	-
Eliminated on disposals of assets	(0.08)	(0.01)	-	(0.03)	-	-	(0.12)	-
Accumulated Depreciation at September 30, 2018	**2.17**	**13.40**	-	**104.66**	-	**25.23**	**145.46**	-
Net carrying amount as on September 30, 2018	**24.19**	**54.89**	**-**	**222.72**	**-**	**102.29**	**404.08**	**158.90**

e) Half year ended September 30, 2019

Particulars	**Furniture & Fixture**	**Office equipment**	**Owned Vehicles**	**Computers including server (Owned)**	**Computers including server (leased)**	**Leasehold Improvements**	**Total**	**Capital work in progress**
Gross carrying amount								
Balance at April 01, 2019	**27.41**	**72.62**	**0.81**	**485.55**	**816.29**	**249.16**	**1,651.83**	**43.38**
Additions	2.22	7.37	-	48.01	-	34.90	92.49	114.24
Reclassified on account of adoption of Ind AS116	-	-	-	-	(816.29)	-	(816.29)	-
Derecognize pursuant to Ind AS 116								-
Deletions	(3.61)	(0.74)	-	(1.67)	-	-	(6.02)	(48.87)
Gross carrying amount at September 30, 2019	**26.02**	**79.24**	**0.81**	**531.88**	**-**	**284.06**	**922.02**	**108.75**
Accumulated Depreciation								
Balance at April 01, 2019	**3.80**	**22.39**	**0.04**	**176.07**	**152.16**	**57.83**	**412.30**	
Depreciation during the period	1.64	8.34	0.09	87.03	-	26.85	123.94	
Reclassified on account of adoption of Ind AS116	-	-	-	-	(152.16)	-	(152.16)	
Derecognized pursuant to Ind AS 116								
Eliminated on disposals of assets	(1.39)	(0.71)	-	(1.67)	-	-	(3.77)	
Accumulated Depreciation at September 30, 2019	**4.05**	**30.02**	**0.13**	**261.44**	**-**	**84.67**	**380.31**	**-**
Net carrying amount as on September 30, 2019	**21.97**	**49.22**	**0.68**	**270.45**	**-**	**199.38**	**541.71**	**108.75**

There has been no impairment losses recognised during the year and no assets pledged as security

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

2. Intangible Assets

a) Year ended March 31, 2017 (Proforma)

Particulars	Computer software	Intangible assets under development	Total
Gross carrying amount			
Deemed Cost as at April 01, 2016 (Proforma)	-	-	-
Additions	-	-	-
Disposals	-	-	-
Gross carrying amount at March 31, 2017 (Proforma)	-	-	-
Accumulated amortisation			
Balance at April 1, 2017	-	-	-
Amortisation charge for the year	-	-	-
Disposals/adjustments	-	-	-
Accumulated amortisation at March 31, 2017 (Proforma)	-	-	-
Net carrying amount as on March 31, 2017 (Proforma)	-	-	-

b) Year ended March 31, 2018

Particulars	Computer software	Intangible assets under development	Total
Gross carrying amount			
Deemed Cost as at April 01, 2017	-	-	-
Net Block for transferee entity	373.17	153.28	526.45
Additions	106.88	63.92	170.80
Disposals	(0.36)	-	(0.36)
Gross carrying amount at March 31, 2018	**479.68**	**217.20**	**696.88**
Accumulated amortisation			
Balance at April 1, 2017	-	-	-
Amortisation charge for the year	40.28	-	40.28
Disposals/adjustments	(0.36)	-	(0.36)
Accumulated amortisation at March 31, 2018	**39.92**	-	**39.92**
Net carrying amount as on March 31, 2018	**439.77**	**217.20**	**656.97**

c) Year ended March 31, 2019

Particulars	Computer software	Intangible assets under development	Total
Gross carrying amount			
Balance at April 1, 2018	479.68	217.20	696.88
Additions	399.61	138.55	538.16
Disposals	-	(197.44)	(197.44)
Gross carrying amount at March 31, 2019	**879.29**	**158.32**	**1,037.61**
Accumulated amortisation			
Balance at April 1, 2018	39.92	-	39.92
Amortisation charge for the year	193.35	-	193.35
Disposals/adjustments	-	-	-
Accumulated amortisation at March 31, 2019	**233.27**	-	**233.27**
Net carrying amount as on March 31, 2019	**646.02**	**158.32**	**804.34**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

d) Half year ended September 30, 2018

Particulars	Computer software	Intangible assets under development	Total
Gross carrying amount			
Balance at April 1, 2018	479.68	217.20	696.88
Additions	150.72	-	150.72
Disposals	-	(52.74)	(52.74)
Gross carrying amount at September 30, 2018	**630.40**	**164.46**	**794.86**
Accumulated amortisation			
Balance at April 1, 2018	39.92	-	39.92
Amortisation charge for the year	85.06	-	85.06
Disposals/adjustments	-	-	-
Accumulated amortisation at September 30, 2018	**124.97**	-	**124.97**
Net carrying amount as on September 30, 2018	**505.43**	**164.46**	**669.89**

e) Half year ended September 30, 2019

Particulars	Computer software	Intangible assets under development	Total
Gross carrying amount			
Balance at April 1, 2019	879.29	158.32	1,037.61
Additions	140.03	101.39	241.42
Disposals	-	(87.46)	(87.46)
Gross carrying amount at September 30, 2019	**1,019.32**	**172.24**	**1,191.57**
Accumulated amortisation			
Balance at April 1, 2019	233.27	-	233.27
Amortisation charge for the year	130.75	-	130.75
Disposals/adjustments	-	-	-
Accumulated amortisation at September 30, 2019	**364.02**	-	**364.02**
Net carrying amount as on September 30, 2019	**655.30**	**172.24**	**827.54**

3. Right-of-Use assets

a) Year ended March 31, 2017 (Proforma)

Particulars	Computer server	Building	Total
Gross carrying amount			
Balance at April 1, 2016 (Proforma)	-	202.23	202.23
Additions	-	65.86	65.86
Disposals	-	-	-
Gross carrying amount at March 31, 2017 (Proforma)	-	**268.09**	**268.09**
Accumulated depreciation and impairment			
Balance at April 1, 2016 (Proforma)	-	-	-
Reclassified/Creation on account of adoption of Ind AS116	-	-	-
Depreciation charge for the year	-	46.18	46.18
Disposals/adjustments	-	-	-
Accumulated depreciation and impairment at March 31, 2017 (Proforma)	-	**46.18**	**46.18**
Net carrying amount as on March 31, 2017 (Proforma)	-	**221.92**	**221.92**

(Figure in Rupees Millions, unless otherwise stated)

b) Year ended March 31, 2018

Particulars	Computer server	Building	Total
Gross carrying amount			
Balance at April 1, 2017	-	268.09	268.09
Reclassified on account of adoption of Ind AS116	496.04	-	496.04
Additions	-	984.70	984.70
Disposals	-	-	-
Gross carrying amount at March 31, 2018	**496.04**	**1,252.79**	**1,748.82**
Accumulated depreciation and impairment			
Balance at April 1, 2017	-	46.18	46.18
Reclassified/Creation on account of adoption of Ind AS116	19.92	-	19.92
Depreciation charge for the year	-	123.55	123.55
Disposals/adjustments	-	-	-
Accumulated depreciation and impairment at March 31, 2018	**19.92**	**169.72**	**189.64**
Net carrying amount as on March 31, 2018	**476.12**	**1,083.07**	**1,559.18**

c) Year ended March 31, 2019

Particulars	Computer server	Building	Total
Gross carrying amount			
Balance at April 1, 2018	496.04	1,252.79	1,748.82
Reclassified on account of adoption of Ind AS116	320.25	-	320.25
Additions	-	181.42	181.42
Disposals	-	-	-
Gross carrying amount at March 31, 2019	**816.29**	**1,434.21**	**2,250.50**
Accumulated depreciation and impairment			
Balance at April 1, 2018	19.92	169.72	189.64
Reclassified/Creation on account of adoption of Ind AS116	132.25	-	132.25
Depreciation charge for the year	-	285.76	285.76
Disposals/adjustments	-	-	-
Accumulated depreciation and impairment at March 31, 2019	**152.16**	**455.48**	**607.64**
Net carrying amount as on March 31, 2019	**664.12**	**978.73**	**1,642.85**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

d) Half year ended September 30, 2018

Particulars	Computer server	Building	Total
At Cost			
Balance at April 1, 2018	496.04	1,252.79	1,748.82
Reclassified on account of adoption of Ind AS116*	75.74	-	75.74
Additions	-	114.46	114.46
Disposals	-	-	-
Balance at September 30, 2018	**571.78**	**1,367.25**	**1,939.03**
Accumulated depreciation and impairment			
Balance at April 1, 2018	19.92	169.72	189.64
Reclassified/Creation on account of adoption of Ind AS116*	57.83	-	57.83
Depreciation charge for the year	-	139.92	139.92
Disposals/adjustments			-
Accumulated depreciation and impairment at September 30, 2018	**77.75**	**309.64**	**387.39**
Net carrying amount as on September 30, 2018	**494.03**	**1,057.61**	**1,551.63**

e) Half year ended September 30, 2019

Particulars	Computer server	Building	Total
Gross carrying amount			
Balance at April 1, 2019	816.29	1,434.21	2,250.50
Reclassified on account of adoption of Ind AS116*	-	-	-
Additions	370.60	-	370.60
Disposals	-	-	-
Gross carrying amount at September 30, 2019	**1,186.88**	**1,434.21**	**2,621.09**
Accumulated depreciation and impairment			
Balance at April 1, 2019	152.16	455.48	607.64
Reclassified/Creation on account of adoption of Ind AS116	-	-	-
Depreciation charge for the year	88.65	135.40	224.05
Disposals/adjustments	-	-	-
Accumulated depreciation and impairment at September 30, 2019	**240.82**	**590.88**	**831.69**
Net carrying amount as on September 30, 2019	**946.06**	**843.34**	**1,789.40**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

15. Other non Financial assets

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
To be realised within twelve months after reporting date:					
-Service tax / GST recoverable					
(Service tax recoverable includes Pre-deposits for appeal and Show cause notices-refer note - 45)					
- Unsecured, considered good	926.06	821.61	866.40	704.37	60.22
- Unsecured, considered doubtful	1,129.27	-	1,194.69	-	-
Total (A)- Gross	**2,055.33**	**821.61**	**2,061.09**	**704.37**	**60.22**
Less:					
'Impairment loss allowance	(1,129.27)	-	(1,194.69)	-	-
Total (A)- Net	**926.06**	**821.61**	**866.40**	**704.37**	**60.22**
-Prepaid expenses	106.95	91.54	244.74	333.51	53.27
-Unamortised Card acquisition cost	961.88	712.24	923.64	627.83	409.41
-Other advances					
- Unsecured, considered good	249.98	71.76	147.43	195.26	23.10
- Unsecured, considered doubtful	3.77	2.15	2.07	1.80	0.05
Less:					
'Impairment loss allowance	(3.77)	(2.14)	(2.07)	(1.80)	(0.05)
Total (B)- Net	**1,318.81**	**875.54**	**1,315.81**	**1,156.60**	**485.78**
To be realised after twelve months after reporting date:					
-Prepaid expenses	136.72	81.93	0.49	0.09	-
-Unamortised Card acquisition cost	5,925.45	3,833.10	4,882.62	3,086.61	1,270.90
-Advance income tax (net of provision)	231.61	435.45	472.93	435.45	294.93
Total (C)- Net	**6,293.78**	**4,350.48**	**5,356.04**	**3,522.15**	**1,565.83**
Total (A+B+C)	**8,538.65**	**6,047.63**	**7,538.25**	**5,383.12**	**2,111.83**

16. Derivative Financial Instruments (Liabilities)

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Part I					
(i) Currency Derivatives					
-Spot and forwards	196.53	-	1,095.35	28.54	-
Total	**196.53**	**-**	**1,095.35**	**28.54**	**-**
Part I (a)					
(i) Cash Flow hedging					
-Currency derivatives	196.53	-	1,095.35	28.54	-
Total	**196.53**	**-**	**1,095.35**	**28.54**	**-**

(Refer note no. 38)

17. Payables

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Payable within twelve months after reporting date:					
(I) Trade payables					
(i) total outstanding dues of micro enterprises and small enterprises	-	-	0.02	1.59	10.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	861.64	679.28	6,614.94	5,180.59	1,177.99
Total (A)	**861.64**	**679.28**	**6,614.96**	**5,182.18**	**1,188.69**
(II) Other payables					
(i) total outstanding dues of creditors other than micro enterprises and small enterprises					
(a) total outstanding dues to employees	8.97	8.89	16.83	20.93	0.27
(b) total outstanding dues to capital creditors	42.80	22.42	18.77	92.48	1.78
Total (B)	**51.77**	**31.31**	**35.60**	**113.41**	**2.05**
Total (A+B)	**913.41**	**710.59**	**6,650.56**	**5,295.59**	**1,190.74**

(*) Average credit period is 30 to 120 days from the date of services rendered and no interest is due on outstanding balances as at reporting date. The Company has financial risk management policies in place to ensure that all payables are paid within the pre agreed credit terms

17.1 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

In terms of notification dated September 4, 2015 issued by the Central Government of India, the disclosure related to trade payables as at the end of the year are as follows:

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-	0.02	1.59	10.70

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

18. Debt Securities

At amortized cost

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
(A)					
(i) From Others					
Unsecured					
(i) Commercial paper					
- To be settled within twelve months after reporting date;	43,625.22	1,888.37	21,198.43	23,391.05	75,097.82
(ii) Debentures					
- To be settled within twelve months after reporting date;	8,998.59	-	-	-	-
- To be settled after twelve months after reporting date;	12,344.41	10,097.18	19,594.72	6,098.21	-
Total (A)	**64,968.22**	**11,985.55**	**40,793.16**	**29,489.26**	**75,097.82**
(B)					
Debt Securities in India	64,968.22	11,985.55	40,793.16	29,489.26	75,097.82
Total (B)	**64,968.22**	**11,985.55**	**40,793.16**	**29,489.26**	**75,097.82**

18.1 Details of non-convertible debentures (NCD)

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
8.55% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Aug'22)	1,750.00	-	-	-	-
9.15% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Jun'22)	4,500.00	-	4,500.00	-	-
8.10% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in May'21)	1,100.00	1,100.00	1,100.00	1,100.00	-
9.5% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Oct'20)	5,000.00	-	5,000.00	-	-
7.55% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Aug'20)	5,000.00	5,000.00	5,000.00	5,000.00	-
8.90% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in May'20)	4,000.00	4,000.00	4,000.00	-	-
Total	**21,350.00**	**10,100.00**	**19,600.00**	**6,100.00**	**-**
Unamortization Expense	(7.00)	(2.82)	(5.28)	(1.79)	-
Total	**21,343.00**	**10,097.18**	**19,594.72**	**6,098.21**	**-**

19. Borrowings (other than debt securities)

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
(A)					
At amortized cost					
(a) From Bank (Related Party)					
Secured Loans (Refer note 19.1 below)					
(i) Working capital loans					
- To be settled within twelve months after reporting date;	60,794.74	64,590.56	60,556.84	63,302.55	1,952.79
(ii) Foreign currency working capital loans					
- To be settled within twelve months after reporting date;	23,121.27	33,084.20	13,168.68	9,720.06	-
(b) From Bank (other than Related Party)					
Secured Loans (Refer note 19.1 below)					
(i) Working capital loans					
- To be settled within twelve months after reporting date;	10,998.20	-	8,249.68	-	-
(c) Lease liabilities					
Unsecured					
- To be settled within twelve months after reporting date;	479.65	245.09	410.61	323.31	37.99
- To be settled after twelve months after reporting date;	1,447.82	1,406.35	1,358.29	1,312.63	206.59
Total (A)	**96,841.68**	**99,326.20**	**83,744.11**	**74,658.55**	**2,197.37**
(B)					
Borrowings in India	96,841.68	99,326.20	83,744.11	74,658.55	2,197.37
Borrowings outside India	-	-	-	-	-
Total (B)	**96,841.68**	**99,326.20**	**83,744.11**	**74,658.55**	**2,197.37**

Note 19.1 Secured by

Primary Security	Collateral Security	Repayment terms	Repayment terms	Repayment terms	Guaranteed by	Details of Default
First Charge on entire current assets of the Company (present and future) incl. Hypothecation of Receivables.	First Charge on entire property, plant & equipments of the Company (present and future), excluding vehicles financed by other institutions.	Within 12 months	Within 12 months	Within 12 months	N.A.	N.A.

As on date of Balance sheet, Company has not defaulted on any interest and repayment of borrowings.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

20. Subordinated Liabilities

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Unsecured non-convertible debentures					
- Redeemable within twelve months after reporting date; and	-	999.67	499.91	499.71	399.73
- Redeemable after twelve months after reporting date;	12,463.54	8,982.93	11,468.08	9,480.66	4,989.24
Less: unamortised debenture issue cost				-	
Total (A)	**12,463.54**	**9,982.60**	**11,967.99**	**9,980.37**	**5,388.97**
(B)					
Subordinated liabilities In India	12,463.54	9,982.60	11,967.99	9,980.37	5,388.97
Subordinated liabilities outside India	-	-	-		
Total (B)	**12,463.54**	**9,982.60**	**11,967.99**	**9,980.37**	**5,388.97**

20.1 Details of non-convertible debentures

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
8.99% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Jun'29)	1,000.00	-	-	-	-
9.55% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Jan'29)	2,500.00	-	2,500.00	-	-
8.10% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Oct'23)	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
8.30% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in May'23)	5,000.00	5,000.00	5,000.00	5,000.00	-
9.65% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Apr'22)	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
9.00% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Nov'21)	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
9.50% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Sep'19)	-	500.00	500.00	500.00	500.00
9.85% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Mar'19)	-	500.00	-	500.00	500.00
9.95% Unsecured NCD of Rs 1,000,000 each (Redeemable at par in Jan'18)	-	-	-	-	400.00
Total	**12,500.00**	**10,000.00**	**12,000.00**	**10,000.00**	**5,400.00**
Less: Unammortized Expense	(36.46)	(17.41)	(32.02)	(19.63)	(11.03)
Total	**12,463.54**	**9,982.59**	**11,967.98**	**9,980.37**	**5,388.97**

21. Other financial liabilities

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Payable within twelve month after reporting year:					
Interest accrued but not due	1,922.33	978.33	1,456.25	701.95	146.16
Other liabilities	37.46	63.24	58.77	50.23	38.19
Payable to Network Partners	6,486.00	6,022.25	6,666.85	4,344.37	1,871.33
Excess amount from Card holders	2,048.52	1,426.67	1,395.03	1,351.99	827.48
Total	**10,494.31**	**8,490.49**	**9,576.90**	**6,448.54**	**2,883.16**

22. Current Tax Liabilities/Assets (Net)

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Tax liability(Net)					
To be settled within twelve months after reporting date:					
-Provision For Tax (net of advance income tax)	-	323.03	762.27	104.02	17.34
Total	**-**	**323.03**	**762.27**	**104.02**	**17.34**
Tax asset(Net)					
To be settled within twelve months after reporting date:					
-Advance income tax (net of provision)	645.88	-	-	-	-
	645.88	**-**	**-**	**-**	**-**

23. Provisions

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Employee Benefits					
(i) Liabilities to be settled within twelve months after reporting date					
- Provision for compensated absence	34.47	36.58	28.32	33.65	7.69
- Provision for gratuity	6.30	62.50	45.22	151.57	31.99
- Provision for long service awards	9.36	10.98	11.64	9.02	1.82
- Provision for bonus & Incentive Payable	141.30	118.99	346.70	265.05	90.18
- Provision for ESOP	-	-	-	-	1.20
	191.43	**229.05**	**431.88**	**459.29**	**132.88**
(ii) Liabilities to be settled after twelve months after reporting date					
- Provision for compensated absence	121.66	101.45	104.75	70.05	27.03
- Provision for long service awards	59.88	71.61	81.99	30.56	6.62
- Provision for ESOP	-	-	-	-	0.13
	181.54	**173.06**	**186.74**	**100.61**	**33.78**
Others					
(i) Liabilities to be settled within twelve months after reporting date					
- Provision for reward points redemption	2,076.87	3,130.78	3,590.23	2,547.88	1,885.56
- Provision for expenses	6,994.32	4,718.68	239.50	164.34	1,475.80
- Provision for expenses- Related party	195.70	808.62	28.29	37.26	64.34
- Interim equity dividend	-	-	837.26	-	784.95
- Provision for tax on interim equity dividend	-	-	172.09	-	159.86
	9,266.89	**8,658.08**	**4,867.38**	**2,749.48**	**4,370.51**
(ii) Liabilities to be settled after twelve months after reporting date					
- Provision for reward points redemption	1,023.08	718.00	798.18	614.76	415.02
	1,023.08	**718.00**	**798.18**	**614.76**	**415.02**
Total	**10,662.94**	**9,778.18**	**6,284.17**	**3,924.14**	**4,952.19**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

24. Other non financial liabilities

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Liabilities to be settled within twelve months after reporting date:					
Revenue received in advance					
-Unamortised membership fees and subvention income	2,952.61	2,092.45	2,626.57	1,797.87	1,281.73
Statutory liabilities	1,929.75	1,371.17	3,078.03	1,602.50	152.36
Fees received in advance	69.36	-	-	-	-
Total	**4,951.72**	**3,463.62**	**5,704.60**	**3,400.37**	**1,434.09**

(Figure in Rupees Millions, unless otherwise stated)

25. Equity Share Capital

Particulars	As at September 30, 2019		As at September 30, 2018		As at March 31, 2019		As at March 31, 2018		As at March 31, 2017 (Proforma)	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Authorised Capital										
Equity shares of Rs.10 each	1,500,000,000	15,000.00	1,050,000,000	10,500.00	1,050,000,000	10,500.00	1,050,000,000	10,500.00	1,000,000,000	10,000.00
	1,500,000,000	**15,000.00**	**1,050,000,000**	**10,500.00**	**1,050,000,000**	**10,500.00**	**1,050,000,000**	**10,500.00**	**1,000,000,000**	**10,000.00**
Issued, Subscribed and Paid up										
Equity shares of Rs.10 each	932,334,278	9,323.34	837,222,224	8,372.22	837,222,224	8,372.22	785,000,002	7,850.00	785,000,002	7,850.00
TOTAL	**932,334,278**	**9,323.34**	**837,222,224**	**8,372.22**	**837,222,224**	**8,372.22**	**785,000,002**	**7,850.00**	**785,000,002**	**7,850.00**

Authorised share capital as at March 31, 2018 includes Rs. 500,000,000 divided in to 50,000,000 equity shares of Rs. 10 each, on account of amalgamation. Refer note 50 for note on scheme of amalgamation

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at September 30, 2019		As at September 30, 2018		As at March 31, 2019		As at March 31, 2018		As at March 31, 2017 (Proforma)	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Reconciliation of the number of shares										
Balance as at the beginning of the year	837,222,224	8,372.22	785,000,002	7,850.00	785,000,002	7,850.00	785,000,002	7,850.00	785,000,002	7,850.00
Movements*	95,112,054	951.12	52,222,222	522.22	52,222,222	522.22	-	-	-	-
Balance as at the end of the year	**932,334,278**	**9,323.34**	**837,222,224**	**8,372.22**	**837,222,224**	**8,372.22**	**785,000,002**	**7,850.00**	**785,000,002**	**7,850.00**

* During the year ended March 31, 2019, the Company has issued additional 52,222,222 shares through right issues at fair market value of Rs. 90 each aggregating to Rs. 4,700 million.
* During the half year ended September 30, 2019, the Company has issued additional 95,112,054 shares pursuant to amalgamation of SBIBPMSL vide Hon'able NCLT order dated June 4, 2019 aggregating to Rs. 951.1 million.

(ii) Rights, preferences and restriction attached to shares

The Company has only one class of equity share having par value of Rs.10 per share. Each holder of the equity share is entitled to one vote per share. In the liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts.

(iii) Shares held by each shareholder holding more than 5% of the aggregate shares in the Company

Particulars	As at September 30, 2019		As at September 30, 2018		As at March 31, 2019		As at March 31, 2018		As at March 31, 2017 (Proforma)	
	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares
Holding Company										
Shares held by State Bank of India *	74%	689,927,363	74%	619,544,445	74%	619,544,445	74%	580,900,001	60%	471,000,002
Shares held by CA Rover Holdings	26%	242,406,915	26%	217,677,779	26%	217,677,779	26%	204,100,001	0%	-
Shares held by GE Capital Mauritius Overseas Investment	0%	-	0%	-	0%	-	0%	-	40%	314,000,000

* As at September 30, 2019 five shares are held by nominee individual shareholders of which State Bank is the beneficial owner.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

26. Other equity

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Capital reserve	-	-	-	-	4.14
Capital redemption reserve	33.99	33.99	33.99	33.99	-
Statutory reserve	5,659.94	3,930.01	5,659.94	3,930.01	3,203.76
General reserve	129.94	129.94	129.94	129.94	47.66
Capital reserve created on account of amalgamation	(715.11)	(715.11)	(715.11)	(715.11)	-
Securities Premium reserve	4,177.78	4,177.78	4,177.78	-	-
Retained earnings	24,432.53	15,094.84	17,205.93	11,350.69	3,382.62
Share options outstanding account	12.00	-	-	-	-
Cash flow hedging reserve	44.66	-	1.42	-	-
Shares pending allotment pursuant to scheme of amalgamation	-	951.12	951.12	951.12	-
TOTAL	**33,775.74**	**23,602.56**	**27,445.01**	**15,680.64**	**6,638.17**

26.1 Capital reserve

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Balance at beginning of year	-	-	-	4.14	4.90
Add: Addition due to amalgamation	-	-	-	5.29	-
Less: Utilised during the year	-	-	-	-	(0.76)
Less: Transferred to General Reserve	-	-	-	(9.43)	-
Balance at end of year	-	-	-	-	**4.14**

Nature and purpose of reserve: Capital reserve represents a reserve created on account issuance of employee stock options.

26.2 Capital redemption reserve

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Balance at beginning of year	33.99	33.99	33.99	-	-
Add: During the year due to amalgamation	-	-		33.99	-
Balance at end of year	**33.99**	**33.99**	**33.99**	**33.99**	-

Nature and purpose of reserve: Where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to the capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

26.3 Statutory reserve
(Under Section 45-IC of the Reserve Bank of India Act, 1934)

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Balance at beginning of year	5,659.94	3,930.01	3,930.01	3,203.76	2,422.94
Add: Transferred from surplus balance @ 20%	-	-	1,729.93	726.25	780.82
Balance at end of year	**5,659.94**	**3,930.01**	**5,659.94**	**3,930.01**	**3,203.76**

Nature and purpose of reserve: Statutory reserves is created based on statutory requirements under Section 45-IC of the Reserve Bank of India Act, 1934 and is not available for distribution as dividend.

26.4 General reserve

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Balance at beginning of year	129.94	129.94	129.94	120.51	47.66
Add: Amount transferred from Capital Reserve	-	-	-	9.43	-
Balance at end of year	**129.94**	**129.94**	**129.94**	**129.94**	**47.66**

Nature and purpose of reserve: General reserve are the retained earning of the Company which are kept aside out of company's profit to meet future (known or unknown) obligation.

26.5 Capital reserve created on account of amalgamation

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Balance at beginning of year	(715.11)	(715.11)	(715.11)	-	-
Add: During the year due to amalgamation			-	(715.11)	-
Balance at end of year	**(715.11)**	**(715.11)**	**(715.11)**	**(715.11)**	-

Nature and purpose of reserve: Capital reserve represents a reserve which is created pursuant to business combination

26.6 Securities premium reserve

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Balance at beginning of year	4,177.78	-	-	-	-
Add: During the year	-	4,177.78	4,177.78	-	-
Balance at end of year	**4,177.78**	**4,177.78**	**4,177.78**	-	-

Nature and purpose of reserve: Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

26.7 Retained earnings

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Balance at beginning of year	17,205.93	11,350.69	11,350.69	3,382.62	1,394.07
Add: During the year due to amalgamation	-	-	-	2,700.91	-
Add: Profit for the year	7,258.82	3,766.10	8,627.19	6,011.43	3,728.59
Less: Interim equity dividend	-	-	(837.26)	-	(784.95)
Less: Tax on Interim equity dividend	-	-	(172.09)	-	(159.86)
Add: Transfer From Other Comprehensive Income	(32.21)	(21.95)	(32.67)	(18.02)	(14.42)
Less: Transfer to Statutory reserve	-	-	(1,729.93)	(726.25)	(780.82)
Balance at end of year	**24,432.53**	**15,094.84**	**17,205.93**	**11,350.69**	**3,382.62**

Nature and purpose of reserve: Retained earnings represent the amount of accumulated profits/(losses) of the Company.

26.8 Share Options Outstanding account*

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Balance at beginning of period	-	-	-	-	-
Add: Fair value of stock options	12.00	-	-	-	-
Balance at end of year	**12.00**	-	-	-	-

* Refer note 42

Nature and purpose of reserve: The share options outstanding account is used to recognise the grant date fair value of options issued to employees under the stock option plan.

26.9 Cash flow hedge reserve

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Balance at beginning of year	1.42	-	-	-	-
Add: During the year	57.78	-	2.18	-	-
Add: Deferred tax adjustment	(14.54)	-	(0.76)	-	-
Balance at end of year	**44.66**	-	**1.42**	-	-

Nature and purpose of reserve: The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk as described in the note 38. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve. Amounts recognized in the cash flow hedge reserve is reclassified to profit or loss when the hedged item affects profit or loss.

26.10 Shares pending allotment pursuant to scheme of amalgamation*

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Balance at beginning of year	951.12	951.12	951.12	-	-
Add: During the year due to amalgamation			-	951.12	-
Less:Shares allotment pursuant to scheme of amalgamation	(951.12)		-	-	-
Balance at end of year	**-**	**951.12**	**951.12**	**951.12**	-

* Refer note 51

Nature and purpose of reserve: This represents shares pending allotment pursuant to amalgamation vide order by NCLT.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

27. Net gain / (loss) on fair value changes

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March, 2017 (Proforma)
Net gain/loss on financial instruments at fair value through profit or loss					
(i) On trading portfolio	-	-	-	-	
(ii) On financial instruments designated at fair value through profit or loss	(1.04)	491.45	1.04	-	
Total	**(1.04)**	**491.45**	**1.04**	**-**	**-**
Fair Value changes:					
-Realised	**(1.04)**	**-**	**-**	**-**	
-Unrealised	**-**	**491.45**	**1.04**	**-**	
Total	**(1.04)**	**491.45**	**1.04**	**-**	**-**

28. Other income

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March, 2017 (Proforma)
Net gain or loss on ineffective portion of hedges	-	-	-	-	-
Net gain or loss on derecognition of property, plant and equipme	-	-	-	-	-
Profit on sale of Investment	3.11	0.58	3.83	5.37	4.34
Bad Debts Recovered	1,487.12	1,197.93	2,534.26	1,732.55	1,218.36
Profit on sale of property, plant & equipment	-	-	-	-	0.02
Other Interest Income	24.38	62.64	178.12	76.39	0.06
Liabilities/Provisions written back	1,617.83	4.75	10.93	17.70	21.74
Miscellaneous income	0.29	0.16	0.30	0.16	-
Net gain on foreign currency transactions	-	-	149.80	-	3.83
Net gain on fair value changes of derivative	-	-	-	-	-
Total	**3,132.73**	**1,266.06**	**2,877.23**	**1,832.17**	**1,248.35**

29. Finance costs

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March, 2017 (Proforma)
(A) At Amortised cost					
Interest on deposits					
Interest expense on lease liability	82.26	70.17	141.97	60.45	19.56
Interest on borrowings	2,628.01	1,941.56	4,279.69	879.92	157.49
Interest on debt securities	2,771.64	2,000.33	3,515.22	5,142.70	4,708.83
Interest on subordinated liabilities	556.42	433.52	904.98	774.93	398.44
Net Loss on foreign currency transactions and translation (considered as finance cost)	-	214.28	222.64	257.12	-
Total (A)	**6,038.33**	**4,659.86**	**9,064.49**	**7,115.11**	**5,284.32**
(B) Financial intruments designated as hedging instruments					
Cost of Hedging	174.89	-	1,107.61	-	-
Total (B)	**174.89**	**-**	**1,107.61**	**-**	**-**
Total (A+B)	**6,213.22**	**4,659.86**	**10,172.10**	**7,115.11**	**5,284.32**

30. Employee benefits expenses

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March, 2017 (Proforma)
Salaries and wages	1,884.27	1,723.22	3,444.95	1,610.80	824.90
Contribution to provident fund	85.11	73.05	146.17	69.82	34.70
Contribution to other funds	40.99	37.44	74.96	46.84	8.41
Staff welfare expenses	92.76	88.17	237.95	203.42	85.06
Total	**2,103.13**	**1,921.87**	**3,904.03**	**1,930.88**	**953.07**

31. Depreciation, amortisation and impairment

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March, 2017 (Proforma)
Depreciation & Amortisation expenses	478.75	367.56	811.01	244.93	47.93
Total	**478.75**	**367.56**	**811.01**	**244.93**	**47.93**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

32. Operating and other expenses

Particulars	**For the half year ended September 30, 2019**	**For the half year ended September 30, 2018**	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**	**For the year ended March, 2017 (Proforma)**
Consumption of plastic cards & embossing	201.74	127.99	381.65	208.53	146.78
Short-term lease expense	142.08	119.63	252.70	138.21	53.27
Variable lease expenses	455.68	285.05	623.77	354.12	212.79
Travelling and conveyance	92.30	91.95	184.83	136.98	87.64
Telephone, fax and postage	272.92	221.50	527.19	358.00	249.90
Card transaction charges	1,991.63	1,394.60	3,094.14	2,105.56	1,376.59
Advertisement	447.03	296.97	613.28	485.08	227.05
Sales Promotion	10,651.69	6,801.94	16,356.72	12,025.69	6,101.68
Insurance expense	69.11	57.29	112.28	44.55	15.53
Professional & Consulting fees	1,663.51	1,575.79	3,166.70	1,719.72	459.33
Processing Charges	-	-	-	4,387.56	4,609.27
Rates and taxes	39.50	34.01	43.62	1.75	7.87
Collection charges	911.83	824.88	1,690.28	1,127.96	827.06
Repairs and maintenance	115.99	133.17	237.82	124.44	66.31
Auditor's remuneration (refer note 39)	0.80	1.70	6.94	3.96	3.45
Power and fuel	21.57	38.10	63.19	47.86	25.15
Printing, stationery and office supplies	205.59	231.24	365.81	342.60	166.56
Royalty Expenses	145.32	73.98	172.99	102.89	78.08
Reward points redemption	2,426.07	1,989.19	4,130.75	3,015.84	2,225.35
Surcharge Waiver to Customer	199.87	164.60	332.67	246.06	360.58
Donation	-	-	9.00	-	-
Net loss on fair value changes of derivative	-	-	-	28.54	-
Data processing charges	296.27	405.36	675.36	98.74	-
Other Expenses	3.25	2.52	4.01	6.66	18.51
Net loss on foreign currency transactions	2.01	563.64	-	7.36	-
Loss on sale of property, plant & equipment	2.26	0.29	0.22	0.57	-
Total	**20,358.01**	**15,435.37**	**33,045.94**	**27,119.22**	**17,318.75**

(Figure in Rupees Millions, unless otherwise stated)

33. CSR Expenses

Pursuant to section 135 of the Companies Act, 2013 the company has incurred expenditure in respect of corporate social responsibility as follows;

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
CSR Expenses	15.15	24.45	141.85	97.75	70.39
Total	**15.15**	**24.45**	**141.85**	**97.75**	**70.39**

Amount spent during the year on:

Particulars	For the half year ended September 30, 2019		For the half year ended September 30, 2018		For the year ended March 31, 2019		For the year ended March 31, 2018		For the year ended March 31, 2017 (Proforma)	
	Paid in cash	Yet to be paid in cash	Paid in cash	Yet to be paid in cash	Paid in cash	Yet to be paid in cash	Paid in cash	Yet to be paid in cash	Paid in cash	Yet to be paid in cash
(i) Construction/Acquisition of Assets	4.26	-	5.17	-	52.33	-	20.14	-	-	-
(ii) On purposes other than (i) above	10.89	-	19.28	-	89.52	-	77.61	-	70.39	-
Total	15.15	-	24.45	-	141.85	-	97.75	-	70.39	-

34. Impairment losses & bad debts

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Impairment losses & bad debts					
On loans	7,239.20	5,199.34	10,270.18	7,994.89	5,308.84
On Others	18.77	15.53	1,207.24	5.69	10.85
Total	**7,257.97**	**5,214.87**	**11,477.42**	**8,000.58**	**5,319.69**

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Bad debt written-off*	5,826.59	4,512.91	9,337.11	5,975.76	4,405.73
Impairment loss for other financial assets	17.07	15.18	-	-	-
Impairment loss for other non-financial assets	1.70	0.35	1,207.24	5.69	10.85
Impairment loss for stage 1 & 2 assets **	819.58	389.20	699.14	877.43	496.73
Impairment loss for stage 3 assets	593.03	297.23	233.93	1,141.70	406.38
Total	**7,257.97**	**5,214.87**	**11,477.42**	**8,000.58**	**5,319.69**

*Includes accelerated write-off of Rs 921.4 million for the period ended September 30, 2019 as per management judgement. Correspondingly, similar amount was released from ECL provision on stage 3 assets as the underlying asset is written off.

**Provision as per ECL computation includes provision on standard assets as per RBI prudential norms.

(Figure in Rupees Millions, unless otherwise stated)

35. Tax expense

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March, 2017 (Proforma)
Current tax					
In respect of the current year	2,673.25	2,218.83	5,403.12	2,854.91	2,500.63
In respect of prior years	38.05	-	71.49	(192.06)	(41.09)
	2,711.30	2,218.83	5,474.61	2,662.85	2,459.54
Deferred tax					
Decrease/(Increase) in deferred tax assets (net)	375.73	(186.17)	(785.81)	519.17	(471.90)
Total income tax expense recognised in the current year	**3,087.03**	**2,032.66**	**4,688.80**	**3,182.02**	**1,987.64**

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March, 2017 (Proforma)
Profit before tax from continuing operations	10,345.85	5,798.76	13,315.99	9,193.45	5,716.23
Income tax expense calculated at 25.168%, (2018-19: 34.944%), (2017-18: 34.608%). (2016-17: 34.608%)	2,603.84	2,026.31	4,653.14	3,181.67	1,978.28
Effect of expenses that are not deductible in determining taxable profit	-	11.38	-	-	-
Corporate social responsibility / Others	12.27	6.95	29.25	15.47	9.38
	2,616.11	2,044.64	4,682.38	3,197.14	1,987.66
Impact of changes in tax rate and adjustments in relation to the current tax/deferred tax of prior years	470.91	(11.98)	6.42	(15.12)	(0.01)
Income tax expense recognised in profit or loss	**3,087.03**	**2,032.66**	**4,688.80**	**3,182.02**	**1,987.64**

In the pursuance to The Taxation Laws (Amendment) Ordinance, 2019, The Company has exercised the option in accordance with the Section 115BAA (New Section inserted in said Odianance) and Accordingly, the Tax liability for the half year ended 30 September 2019 has been arrived at by applying tax rate 25.168% (Including Surcharge and Cess) and carried out adjustment in deferred tax assets.

Income tax recognised in other comprehensive income

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March, 2017 (Proforma)
Current tax					
Arising on income and expenses recognised in other comprehensive income:	-	-			
Remeasurement of defined benefit obligation	-	-	17.55	-	-
Total current tax recognised in other comprehensive income	-	-	17.55	-	-
Bifurcation of the income tax recognised in other comprehensive income into:-					
Items that will not be reclassified to profit or loss	-	-	17.55	-	-
Items that may be reclassified to profit or loss	-	-	-	-	-
Total	-	-	17.55	-	-
Deferred tax					
Arising on income and expenses recognised in other comprehensive income:					
Remeasurement of defined benefit obligation	10.83	11.79		9.54	7.63
Remeasurement of fair value of derivative	(14.54)	-	(0.76)	-	-
Total deferred tax recognised in other comprehensive income	(3.71)	11.79	(0.76)	9.54	7.63
Bifurcation of the income tax recognised in other comprehensive income into:-					
Items that will not be reclassified to profit or loss	10.83	11.79	-	9.54	7.63
Items that may be reclassified to profit or loss	(14.54)	-	(0.76)	-	-
Total	(3.71)	11.79	(0.76)	9.54	7.63

36. Earnings/ (loss) per equity share

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
a. Net Profit After Tax	7,258.82	3,766.10	8,627.19	6,011.43	3,728.59
b. Weighted average of number of equity shares used in computing basic earnings per share (in millions)	932.33	897.52	914.93	812.74	785.00
c. Weighted average of number of equity shares used in computing diluted earnings per share (in millions)	932.33	897.52	914.93	812.74	785.00
Basic and diluted earning per share (a/b)	7.79	4.20	9.43	7.40	4.75
Basic and diluted earning per share (a/c)	7.79	4.20	9.43	7.40	4.75

37. Impact of application of Ind AS 115 Revenue from Contracts with Customers

The Company derives revenue from a variety of services contracts with customers which are governed by Ind AS 115 such as interchange income, membership fee, business development incentive income and other fees such as ATM fees, late payment etc.

The Company's accounting policies for its revenue streams are disclosed in detail under Note 4 above.

For Critical accounting estimates, refer note 4.17

Disaggregation of Revenue

Disaggregation of revenue is not required as the Company's primary business is to provide credit card facility and loans which is governed by Ind AS 109. Company's revenue from provision of services arising from contracts entered with customers to provide interchange services, business development services, membership services and other fees is not concentrated to specific customer/segment. Management reviews the revenue of the Company on the information available as disclosed in Statement of Profit and Loss.

Transaction price allocated to the remaining performance obligations

The Company applies practical expedient in Ind AS 115 and does not disclose information about remaining performance obligations wherein the Company has a right to consideration from customer in an amount that directly corresponds with the value to the customer of entity's performance till date.

The Company's remaining performance periods for its incentive arrangements with network partners contracts with customers for its payment network services are typically long-term in nature (typically ranging from 3-5 years). Consideration is variable based upon the number of transactions processed and volume activity on the cards. At September 30, 2019, the estimated aggregate consideration allocated to unsatisfied performance obligations for these other value-added services is Rs NIL million.

Receivables from contracts with customers and contract balances

The following table provides information about receivables, contract assets, contract cost and contract liabilities from contract with customers
Other receivable and contract assets are presented net of impairment in note 8 & 9 of the Balance sheet.

The below table discloses balances in receivables and unbilled receivables.

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Trade Receivable*	1,798.27	684.70	1,488.23	229.99	252.78
Other receivable	157.30	191.49	113.70	108.55	84.70
Contract assets (unbilled)	871.22	1,157.34	1,348.27	1,168.78	987.31
Total-Gross	**2,826.79**	**2,033.53**	**2,950.20**	**1,507.32**	**1,324.79**
To be realised within 12 months from reporting date	2,826.79	1,853.38	2,116.70	839.27	933.08
To be realised after 12 months from reporting date	-	180.15	833.49	668.05	391.70

(*) Refer note 8.

The Company might satisfy a performance obligation before it receives the consideration in which case the Company recognises a contract asset or receivable, depending on whether something other than the passage of time is required before the consideration is due. Contract asset gets converted to receivables within a time period of 6 months.

Contract Assets

The contract assets primarily relate to the Company's right to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the right become unconditional. Below table shows the movement of unbilled revenue.

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Opening balance	1,348.26	1,168.78	1,168.78	922.37	988.83
Movement during the year	(477.05)	(11.44)	179.48	246.41	(1.52)
Closing balance	**871.22**	**1,157.34**	**1,348.26**	**1,168.78**	**987.31**
To be realised within 12 months from reporting date	871.22	977.20	514.78	500.73	595.61
To be realised after 12 months from reporting date	-	180.15	833.49	668.05	391.70

(Figure in Rupees Millions, unless otherwise stated)

Contract costs
The contract cost primarily relates to:
• Cost of acquiring a customer is the incremental cost of obtaining contract with customer, which is recognised in the profit and loss statement over the behavioural life of the customer.

• Sales promotion expenses which are directly related to selling card membership to new customers. This cost is deferred over the membership period consisting of 12 months.

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Opening balance	5,806.25	3,714.44	3,714.44	1,680.30	1,196.91
Capitalised during the year	3,041.65	2,061.96	4,995.42	5,771.27	1,723.69
Amortised during the year	1,960.57	1,231.06	2,903.61	3,737.14	1,240.30
Closing balance	**6,887.33**	**4,545.34**	**5,806.25**	**3,714.44**	**1,680.30**
To be realised within 12 months from reporting date	961.88	712.24	923.64	627.83	409.41
To be realised after 12 months from reporting date	5,925.45	3,833.10	4,882.62	3,086.61	1,270.90

The unamortised contract costs are disclosed in note 15.

Contract liabilities - Revenue received in advance
The Company sells credit card memberships to card holders, income earned from the provision of membership services is recognised as revenue over the membership period consisting of 12 months at fair value of the consideration net of expected reversals/ cancellations.

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Opening balance	2,626.57	1,797.87	1,797.87	1,281.73	1,115.06
Received during the year	3,255.62	2,317.68	5,242.98	3,818.33	784.72
Amortised during the year	2,929.59	2,023.11	4,414.27	3,302.19	618.04
Closing balance	**2,952.61**	**2,092.44**	**2,626.57**	**1,797.87**	**1,281.73**
To be realised within 12 months from reporting date	2,952.61	2,092.44	2,626.57	1,797.87	1,281.73
To be realised after 12 months from reporting date	-	-	-	-	-

Contract liabilities are presented in note 24 to financial statements

(Figure in Rupees Millions, unless otherwise stated)

38. Financial Instruments

Capital Management

Capital risk is the risk that the Company has insufficient capital resources to meet the minimum regulatory requirements to support its credit rating and to support its growth and strategic options. The Company's capital plans are deployed with the objective of maintaining capital that is adequate in quantity and quality to support the Company's risk profile, regulatory and business needs. Management/ALCO is responsible for ensuring the effective management of capital risk. Capital risk is measured and monitored using limits set out in in relation to the capital and leverage, all of which are calculated in accordance with relevant regulatory requirements.

Tier 1 capital consists of Equity share capital, Reserve & Surplus (netted off Intangibles).
Tier 2 capital consists of Provision for Standard Assets & Subordinated debts as per extant RBI Prudential norms for NBFCs.

Details of Tier 1 capital are as follows:

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Tier I Capital	34,098.53	25,681.58	27,541.52	18,279.20	11,515.88

Details of Tier 2 capital are as follows:

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Tier II Capital	9,800.02	7,832.07	9,822.93	8,636.92	4,502.57

As contained in RBI Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (hereinafter referred to as "RBI Master Directions"), the Company is required to maintain a capital ratio consisting of Tier I and Tier II capital not less than 15 % of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off- balance sheet items. Out of this, Tier I capital shall not be less than 10%. The Board of Director's regularly monitors the maintenance of prescribed levels of Capital Risk Adjusted Ratio (CRAR).

Key capital Ratios
Capital Risk Adjusted Ratio (CRAR) maintained and monitored by Company is as under:

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
CRAR – Tier I Capital	14.76%	15.68%	14.74%	12.41%	11.28%
CRAR – Tier II Capital	4.24%	4.78%	5.26%	5.87%	4.41%
Total CRAR	19.00%	20.46%	19.99%	18.28%	15.68%

Company makes all efforts to comply with the above requirements. Further, Company has complied with all externally imposed capital requirements and internal and external stress testing requirements.
Also, the management of the Company monitors its dividend pay-out. Dividend distribution policy of the Company focuses on the factors including but not limited to future capital expenditure plans, profits earned during the financial year, cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time.

(Figure in Rupees Millions, unless otherwise stated)

38.1 Financial instruments by category and fair value measurements

The carrying value and fair value of financial instruments by categories as of September 30, 2019 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities Designated as hedging Instruments	Total carrying value	Total fair value
		Designated upon initial recognition	Equity instruments designated upon initial recognition			
Assets:						
Cash and cash equivalents (Refer Note 5)	4,471.48	-	-	-	4,471.48	4,471.47
Bank Balance other than (a) above (Refer Note 6)	455.78	-	-	-	455.78	455.78
Trade Receivable (Refer Note 8)	1,798.27	-	-	-	1,798.27	1,798.27
Other receivable (Refer Note 9)	1,028.52	-	-	-	1,028.52	1,028.52
Loans (Refer Note 10)	222,794.83	-	-	-	222,794.83	220,312.52
Investments (Refer Note 11)	0.01	-	14.62	-	14.63	14.63
Other Financial assets (Refer Note 12)						
Security deposits	213.85	-	-	-	213.85	189.19
Accrued Interest	3.41	-	-	-	3.41	3.34
Fixed Deposits (under lien for guarantees)	73.05	-	-	-	73.05	72.21
Total	**230,839.20**	**-**	**14.62**	**-**	**230,853.82**	**228,345.93**
Liabilities:						
Derivative Liabilities (Refer Note 16)	-	-	-	196.53	196.53	196.53
Trade payables (Refer Note 17)	861.64	-	-	-	861.64	861.64
Other payables (Refer Note 17)	51.76	-	-	-	51.76	51.76
Debt Securities (Refer Note 18)	64,968.22	-	-	-	64,968.22	65,077.82
Borrowings (Other than Debt Securities) (Refer Note 19)	96,841.68	-	-	-	96,841.68	96,841.68
Subordinated Liabilities (Refer Note 20)	12,463.54	-	-	-	12,463.54	12,673.00
Other financial liabilities (Refer Note 21)						
Interest accrued	1,922.33	-	-	-	1,922.33	1,922.33
Other liabilities	37.46	-	-	-	37.46	37.46
Payable to Network Partners	6,486.00	-	-	-	6,486.00	6,486.00
Excess amount from Card holders	2,048.52	-	-	-	2,048.52	2,048.52
Total	**185,681.14**	**-**	**-**	**196.53**	**185,877.69**	**186,196.73**

(Figure in Rupees Millions, unless otherwise stated)

The carrying value and fair value of financial instruments by categories as of September 30, 2018 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities Designated as hedging Instruments	Total carrying value	Total fair value
		Designated upon initial recognition	Equity instruments designated upon initial recognition			
Assets:						
Cash and cash equivalents (Refer Note 5)	5,413.02	-	-	-	5,413.02	5,413.02
Bank Balance other than (a) above (Refer Note 6)	1,010.98	-	-	-	1,010.98	1,010.98
Derivative Asset (Refer Note 7)	-	462.92	-	-	462.92	462.92
Trade Receivable (Refer Note 8)	684.70	-	-	-	684.70	684.70
Other receivable (Refer Note 9)	1,348.83	-	-	-	1,348.83	1,321.57
Loans (Refer Note 10)	156,659.30	-	-	-	156,659.30	155,202.44
Investments (Refer Note 11)	0.01	-	14.62	-	14.63	14.63
Other Financial assets (Refer Note 12)						
Security deposits	454.04	-	-	-	454.04	419.93
Accrued Interest	3.41	-	-	-	3.41	3.39
Fixed Deposits (under lien for guarantees)	73.05	-	-	-	73.05	71.58
Total	**165,647.32**	**462.92**	**14.62**	**-**	**166,124.88**	**164,605.14**
Liabilities:						
Trade payables (Refer Note 17)	679.28	-	-	-	679.28	679.28
Other payables (Refer Note 17)	31.31	-	-	-	31.31	31.31
Debt Securities (Refer Note 18)	11,985.55	-	-	-	11,985.55	11,830.08
Borrowings (Other than Debt Securities) (Refer Note 19)	99,326.20	-	-	-	99,326.20	99,326.20
Subordinated Liabilities (Refer Note 20)	9,982.59	-	-	-	9,982.59	9,772.81
Other financial liabilities (Refer Note 21)						
Interest accrued	978.33	-	-	-	978.33	978.33
Other liabilities	63.24	-	-	-	63.24	63.24
Payable to Network Partners	6,022.25	-	-	-	6,022.25	6,022.25
Excess amount from Card holders	1,426.67	-	-	-	1,426.67	1,426.67
Total	**130,495.42**	**-**	**-**	**-**	**130,495.43**	**130,130.17**

(Figure in Rupees Millions, unless otherwise stated)

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities Designated as hedging Instruments	Total carrying value	Total fair value
		Designated upon initial recognition	Equity instruments designated upon initial recognition			
Assets:						
Cash and cash equivalents (Refer Note 5)	7,335.04	-	-	-	7,335.04	7,335.04
Bank Balance other than (a) above (Refer Note 6)	432.71	-	-	-	432.71	432.71
Derivative Asset (Refer Note 7)	-	1.04	-	-	1.04	1.04
Trade Receivable (Refer Note 8)	1,488.23	-	-	-	1,488.23	1,488.23
Other receivable (Refer Note 9)	1,461.96	-	-	-	1,461.96	1,334.53
Loans (Refer Note 10)	179,087.27	-	-	-	179,087.27	176,997.63
Investments (Refer Note 11)	0.01	-	14.62	-	14.63	14.63
Other Financial assets (Refer Note 12)						
Security deposits	225.06	-	-	-	225.06	171.29
Accrued Interest	8.01	-	-	-	8.01	7.96
Fixed Deposits (under lien for guarantees)	73.03	-	-	-	73.03	67.30
Bank Deposit	0.00	-	-	-	0.00	-
Total	**190,111.32**	**1.04**	**14.62**	**-**	**190,126.98**	**187,850.35**
Liabilities:						
Derivative Liabilities (Refer Note 16)	-	-	-	1,095.35	1,095.35	1,095.35
Trade payables (Refer Note 17)	6,614.96	-	-	-	6,614.96	6,614.96
Other payables (Refer Note 17)	35.60	-	-	-	35.60	35.60
Debt Securities (Refer Note 18)	40,793.16	-	-	-	40,793.16	40,748.42
Borrowings (Other than Debt Securities) (Refer Note 19)	83,744.11	-	-	-	83,744.11	83,744.11
Subordinated Liabilities (Refer Note 20)	11,967.99	-	-	-	11,967.99	11,912.79
Other financial liabilities (Refer Note 21)						
Interest accrued	1,456.25	-	-	-	1,456.25	1,456.25
Other liabilities	58.77	-	-	-	58.77	58.77
Payable to Network Partners	6,666.85	-	-	-	6,666.85	6,666.85
Excess amount from Card holders	1,395.03	-	-	-	1,395.03	1,395.03
Total	**152,732.70**	**-**	**-**	**1,095.35**	**153,828.06**	**153,728.11**

(Figure in Rupees Millions, unless otherwise stated)

The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities Designated as hedging Instruments	Total carrying value	Total fair value
		Designated upon initial recognition	Equity instruments designated upon initial recognition			
Assets:						
Cash and cash equivalents	3,119.03	-	-	-	3,119.03	3,119.03
Bank Balance other than (a) above	1,607.74	-	-	-	1,607.74	1,607.74
Trade Receivables	229.99	-	-	-	229.99	229.99
Other receivables	1,277.33	-	-	-	1,277.33	1,179.39
Loans	140,455.40	-	-	-	140,455.40	139,170.06
Investments	0.01	-	-	-	0.01	0.01
Other Financial assets						
Security deposits	202.20	-	-	-	202.20	158.91
Accrued Interest	44.01	-	-	-	44.01	44.00
Fixed Deposits (under lien for guarantees)	23.01	-	-	-	23.01	21.30
Bank Deposit	870.00	-	-	-	870.00	870.00
Total	**147,828.71**	-	-	-	**147,828.70**	**146,400.41**
Liabilities:						
Derivative Liabilities	-	28.54	-	-	28.54	28.54
Trade payables	5,182.17	-	-	-	5,182.17	5,182.17
Other payables	113.41	-	-	-	113.41	113.41
Debt Securities	29,489.26	-	-	-	29,489.26	29,371.81
Borrowings	74,658.55	-	-	-	74,658.55	74,658.55
Subordinated Liabilities	9,980.37	-	-	-	9,980.37	10,190.10
Other financial liabilities						
Interest accrued	701.95	-	-	-	701.95	701.95
Other liabilities	50.23	-	-	-	50.23	50.23
Payable to Network Partners	4,344.37	-	-	-	4,344.37	4,344.37
Excess amount from Card holders	1,351.99	-	-	-	1,351.99	1,351.99
Total	**125,872.31**	**28.54**	-	-	**125,900.85**	**125,993.12**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

The carrying value and fair value of financial instruments by categories as of March 31, 2017 (Proforma) were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities Designated as hedging Instruments	Total carrying value	Total fair value
		Designated upon initial recognition	Equity instruments designated upon initial recognition			
Assets:						
Cash and cash equivalents	1,747.22	-	-	-	1,747.22	1,747.22
Bank Balance other than (a) above	1,082.25	-	-	-	1,082.25	1,082.25
Trade Receivables	252.78	-	-	-	252.78	252.78
Other receivable	1,072.02	-	-	-	1,072.02	1,014.14
Loans	99,828.51	-	-	-	99,828.51	98,967.61
Investments	0.01	-	-	-	0.01	0.01
Other Financial assets						
Security deposits	24.51	-	-	-	24.51	21.82
Accrued Interest	0.00	-	-	-	0.00	0.00
Fixed Deposits (under lien for guarantees)	0.20	-	-	-	0.20	0.19
Total	**104,007.49**	-	-	-	**104,007.50**	**103,086.02**
Liabilities:						
Trade payables	1,188.69	-	-	-	1,188.69	1,188.69
Other payables	2.05	-	-	-	2.05	2.05
Debt Securities	75,097.82	-	-	-	75,097.82	75,097.82
Borrowings (Other than Debt Securities)	2,197.37	-	-	-	2,197.37	2,197.37
Subordinated Liabilities	5,388.97	-	-	-	5,388.97	5,620.02
Other financial liabilities						
Interest accrued	146.14	-	-	-	146.14	146.14
Other liabilities	38.19	-	-	-	38.19	38.19
Payable to Network Partners	1,871.33	-	-	-	1,871.33	1,871.33
Excess amount from Card holders	827.48	-	-	-	827.48	827.48
Total	**86,758.04**	-	-	-	**86,758.04**	**86,989.10**

Hierarchy of Fair value measurements
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(Figure in Rupees Millions, unless otherwise stated)

A. Fair value of the Company's financial assets and liabilities that are measured at fair value on a recurring basis

Financial Assets/ (Financial Liabilities)	Fair value as at						Valuation technique(s) and key input(s)
	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)	Fair value hierarchy	
Foreign currency forward contracts designated in hedge accounting relationships (Refer foreign currency risk management related disclosures given below)	(196.53)	-	(1,095.35)	-	-	Level 2	Future cash flows are estimated based on forward exchange rates from observable forward exchange rate at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties
Foreign currency forward contracts not designated in hedge accounting relationships (Refer foreign currency risk management related disclosures given below)	-	462.92	1.04	(28.54)	-	Level 2	Future cash flows are estimated based on forward exchange rates from observable forward exchange rate at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties
Investments in equity instruments at FVTOCI	14.62 3.5% equity investment in Online PSB Loans Ltd (formerly known as Capitaworld platform Private Limited). Company is a fintech startup engaged in the business of providing Smart & Digital lending platform and market place*	14.62 3.5% equity investment in Online PSB Loans Ltd (formerly known as Capitaworld platform Private Limited). Company is a fintech startup engaged in the business of providing Smart & Digital lending platform and market place*	14.62 3.5% equity investment in Online PSB Loans Ltd (formerly known as Capitaworld platform Private Limited). Company is a fintech startup engaged in the business of providing Smart & Digital lending platform and market place*	-	-	Level 3	Investment was made in July 2018 as per the valuation report at that point in time. Thereafter, based on audited financials of the entity, we have not observed any material variation in business performance till date. Considering a very short time between investment date and balance sheet date, we have assumed a fair value equal to the carrying value as on balance sheet date.

*These investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI, instead of reflecting changes in fair value immediately in profit or loss.

(Figure in Rupees Millions, unless otherwise stated)

B. Fair value of the Company's financial assets and liabilities that are not measured at fair value:

Fair value of the Company's financial assets and liabilities that are not measured at fair value as on September 30, 2019 are:

Particulars	Carrying value	Fair value	Fair value measurement at end of the reporting period/year		
			Level 1	Level 2	Level 3
Assets:					
Loans	222,794.83	220,312.52	-	-	220,312.52
Other receivable	1,028.52	1,028.52	-	-	1,028.52
Other Financial assets					
Security deposits	213.86	189.19	-	-	189.19
Accrued Interest	3.41	3.34	-	-	3.34
Fixed Deposits (under lien for guarantees)	73.05	72.21	-	-	72.21
Total	**224,113.67**	**221,605.77**	-	-	**221,605.77**
Liabilities:					
Debt Securities	64,968.22	65,077.82	6,291.05	-	58,786.77
Subordinated Liabilities	12,463.54	12,673.00	3,644.74	-	9,028.26
Total	**77,431.76**	**77,750.82**	**9,935.79**	-	**67,815.03**

Fair value of the Company's financial assets and liabilities that are not measured at fair value as on September 30, 2018 are:

Particulars	Carrying value	Fair value	Fair value measurement at end of the reporting period/year		
			Level 1	Level 2	Level 3
Assets:					
Loans	156,659.30	155,202.44	-	-	155,202.44
Other receivable	1,348.83	1,321.57	-	-	1,321.57
Other Financial assets					
Security deposits	454.04	419.93	-	-	419.93
Accrued Interest	3.41	3.39	-	-	3.39
Fixed Deposits (under lien for guarantees)	73.05	71.58	-	-	71.58
Total	**158,538.62**	**157,018.90**	-	-	**157,018.90**
Liabilities:					
Debt Securities	11,985.55	11,830.08	-	-	11,830.08
Subordinated Liabilities	9,982.59	9,772.81	-	-	9,772.81
Total	**21,968.14**	**21,602.89**	-	-	**21,602.89**

(Figure in Rupees Millions, unless otherwise stated)

Fair value of the Company's financial assets and liabilities that are not measured at fair value as on March 31, 2019 are:

Particulars	Carrying value	Fair value	Fair value measurement at end of the reporting period/year		
			Level 1	Level 2	Level 3
Assets:					
Loans	179,087.27	176,997.63	-	-	176,997.63
Other receivable	1,461.96	1,334.53	-	-	1,334.53
Other Financial assets					
Security deposits	225.06	171.29	-	-	171.29
Accrued Interest	8.01	7.96	-	-	7.96
Fixed Deposits (under lien for guarantees)	73.03	67.30	-	-	67.30
Total	**180,855.34**	**178,578.71**	-	-	**178,578.71**
Liabilities:					
Debt Securities	40,793.16	40,748.42	4,528.80	-	36,219.62
Subordinated Liabilities	11,967.99	11,912.79	2,536.88	-	9,375.92
Total	**52,761.14**	**52,661.21**	**7,065.68**	-	**45,595.53**

Fair value of the Company's financial assets and liabilities that are not measured at fair value as on March 31, 2018 are:

Particulars	Carrying amount	Fair value	Fair value measurement at end of the reporting period/year		
			Level 1	Level 2	Level 3
Assets:					
Loans	140,455.40	139,170.06	-	-	139,170.06
Other receivable	1,277.33	1,179.39	-	-	1,179.39
Other Financial assets					
Security deposits	202.20	158.91	-	-	158.91
Accrued Interest	44.01	44.00	-	-	44.00
Fixed Deposits (under lien for guarantees)	23.01	21.30	-	-	21.30
Total	**142,001.95**	**140,573.65**	-	-	**140,573.65**
Liabilities:					
Debt Securities	29,489.26	29,371.81	-	-	29,371.81
Subordinated Liabilities	9,980.37	10,190.10	-	-	10,190.10
Total	**39,469.63**	**39,561.91**	-	-	**39,561.91**

Fair value of the Company's financial assets and liabilities that are not measured at fair value as on March 31, 2017 (Proforma) are:

Particulars	Carrying amount	Fair value	Fair value measurement at end of the reporting period/year		
			Level 1	Level 2	Level 3
Assets:					
Loans	99,828.51	98,967.61	-	-	98,967.61
Other receivable	1,072.02	1,014.14	-	-	1,014.14
Other Financial assets					
Security deposits	24.51	21.82	-	-	21.82
Fixed Deposits (under lien for guarantees)	0.20	0.19	-	-	0.19
Total	**100,925.23**	**100,003.76**	-	-	**100,003.76**
Liabilities:					
Subordinated Liabilities	5,388.97	5,620.02	-	-	5,620.02
Total	**5,388.97**	**5,620.02**	-	-	**5,620.02**

Except as detailed in the table above, the management consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

(Figure in Rupees Millions, unless otherwise stated)

C. Reconciliation of Level 3 fair value measurements

Particulars	Unlisted shares irrevocably as at FVTOCI as at September 30, 2019	Unlisted shares irrevocably as at FVTOCI as at September 30, 2018	Unlisted shares irrevocably as at FVTOCI as at March 31, 2019	Unlisted shares irrevocably as at FVTOCI as at March 31, 2018	Unlisted shares irrevocably as at FVTOCI as at March 31, 2017 (Proforma)
Opening balance	14.62	-	-	-	-
Total gains or losses:	-	-	-	-	-
in profit or loss					
in other comprehensive income					
Purchases	-	14.62	14.62	-	-
Issues	-	-	-	-	-
Disposals/ settlements	-	-	-	-	-
Transfers out of level 3	-	-	-	-	-
Closing balance	**14.62**	**14.62**	**14.62**	**-**	**-**

38.2. Financial risk management

Financial risk factors

The Company has exposure to the following types of risks from financial instruments:
- Market risks;
- Credit risk;
- Liquidity risk; and
- Operational risk

The Company has put in place a mechanism to ensure that the risks are monitored carefully and managed efficiently. The Company seeks to minimize the effects of these risks by using asset liability matching strategies and use of derivative financial instruments. The Company's risk management policies are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Enterprise Risk Management Committee (ERMC) which is responsible for approving and monitoring company risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

38.2.1. Market risk
Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments.

The Company uses a wide range of qualitative and quantitative tools to manage and monitor various types of market risks it is exposed to. Quantitative analysis such as net income sensitivities, stress tests etc. are used to monitor and manage company's market risk appetite

A. Interest risk
Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair value of financial instruments because of changes in market interest rates.
The Company does not have any floating rate loans. However, the Company is exposed to interest rate risk on borrowings which are short term (upto 12 months) in nature and are open to repricing risk at the time of reborrowing. Repricing risk is the risk of changes in interest rate charged at the time a financial instrument is matured and reborrowed

Description	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Assets (upto one year)	50,462.75	37,170.24	39,538.46	31,928.61	23,624.88
Liabilities (upto one year)	148,017.67	100,807.89	104,084.06	97,236.68	77,488.34
Mismatch	(97,554.92)	(63,637.65)	(64,545.60)	(65,308.08)	(53,863.45)

(Figure in Rupees Millions, unless otherwise stated)

Interest rate sensitivity analysis

50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.
The below table presents the impact on Profit / (Loss) before tax for 50 basis point increase or decrease in interest rate on Company's short-term interest rates liabilities and assets which are open to repricing risk (assuming all other variables are held constant):

Description	As at September 30, 2019		As at September 30, 2018		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
50 bps Shock Impact- One year Profits	(487.77)	487.77	(318.19)	318.19	(322.73)	322.73

Description	As at March 31, 2018		As at March 31, 2017 (Proforma)	
	Increase	Decrease	Increase	Decrease
50 bps Shock Impact- One year Profits	(326.54)	326.54	(269.32)	269.32

The above sensitivity analysis is prepared assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. A 50-basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates. The Company's sensitivity to interest rate has increased on a year to year basis primarily due to business growth and correspondingly increase in borrowings.

B. Foreign Currency risk

Foreign Currency risk is the risk that the fair value or future cash flows of a financial instrument, denominated in currency other than functional currency, will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk mainly on its borrowings denominated in foreign currency resulting in exposures to foreign exchange rate fluctuations.

The carrying amount of company's foreign currency denominated borrowings are as follows;

Particulars	Liabilities				
	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Loans (Other than Debt Securities) (Refer Note 19)	23,121.27	33,084.20	13,168.68	9,720.06	-
Others	535.28	655.61	375.49	566.20	152.84
Total	**23,656.55**	**33,739.81**	**13,544.18**	**10,286.26**	**152.84**

Particulars	Assets				
	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Loans (Other than Debt Securities) (Refer Note 19)	-	-	-	-	-
Others	260.86	619.33	1,241.45	405.70	25.61
Total	**260.86**	**619.33**	**1,241.45**	**405.70**	**25.61**

Foreign currency sensitivity analysis
The below table presents the impact on profit or loss [+ Gain / (-) Loss] before tax for 5% change in foreign currency exchange rate against INR:

Foreign currency sensitivity analysis Impact	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Currency depreciating by 5%	(1,169.78)	(1,656.02)	(615.14)	(494.03)	(6.36)
Currency Appreciating by 5%	1,169.78	1,656.02	615.14	494.03	6.36

(Figure in Rupees Millions, unless otherwise stated)

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation for a 5% change in foreign currency rates. Sensitivity analysis given above is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting periods does not reflect the exposure during the years.

Foreign currency risk monitoring and management
The Company's currency risk management policy lays down the appropriate systems and controls to identify, measure and monitors, the currency risk for reporting to the management. Parameters like hedging ratio, un- hedged exposure, mark-to market position, exposure limit with banks etc. are continuously monitored as a part of currency risk management. Exchange rate exposures are managed within approved parameters using forward foreign exchange contracts. Foreign currency exposure under borrowings is fully hedged as on reporting date.

Derivative financial instruments
The Company enters in to derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is a bank.

Contracts included in hedge relationship

Cash flow hedging (Spot rate)	Action	Currency	Amount	Exchange rate	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Financial Liability (< 6 Months)- Borrowings	Buy	USD	$327.08	70.69	23,121.27	-	-	-	-
Financial Liability (< 6 Months)-Interest Payable	Buy	USD	$0.92	70.69	64.87	-	-	-	-
Financial Liability (< 6 Months)- Borrowings	Buy	USD	$190.38	69.17	-	-	13,168.68	-	-

During the period ended September 30, 2019, the Company has designated certain foreign exchange forward contracts as cash flow hedges the movement in spot rates to mitigate the risk of foreign exchange exposure on underlying foreign currency exposures. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.
If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting and any hedge ineffectiveness is calculated and accounted for in the statement of profit or loss at the time of the hedge relationship rebalancing.

The following table provides the reconciliation of cash flow hedge reserve for the half year ended September 30, 2019

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Gain/(loss)	-	-			
Balance at the beginning of the period	1.42	-	-	-	-
Gain/(loss) recognised in other comprehensive income during the period	57.78	-	2.18	-	-
Amount reclassified to profit or loss during the period	-	-	-	-	-
Tax impact on above	(14.54)	-	(0.76)	-	-
Balance at the end of the period	**44.65**	**-**	**1.42**	**-**	**-**

Contracts not designated under hedge relationship

Cash flow hedging	Action	Currency	Amount	Exchange rate	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Financial Liability (< 6 Months)- Borrowings	Buy	USD	$149.45	65.04	-	-	-	9,720.06	-
Financial Liability (< 6 Months)-Interest Payable	Buy	USD	$0.14	65.04	-	-	-	9.12	-
Financial Liability (< 6 Months)- Borrowings	Buy	USD	$456.02	72.55	-	33,084.20	-		
Financial Liability (< 6 Months)-Interest Payable	Buy	USD	$0.88	72.55	-	64.10	-		
Financial Asset (< 6 Months)	Sell	USD	$1.25	69.17	-	-	86.46	-	-

(Figure in Rupees Millions, unless otherwise stated)

Unhedged Position of the Company is as follows:

Particulars	As at September 30, 2019		As at September 30, 2018		As at March 31, 2019	
	Currency	Amount	Currency	Amount	Currency	Amount
Financial Liability	$6.64	469.58	$6.61	479.41	$5.34	369.61
	AUD 0.02	0.84	AUD 2.13	112.10	AUD 0.12	5.88
Financial Asset	$3.69	260.86	$8.54	619.33	$16.70	1,154.99

Particulars	As at March 31, 2018		As at March 31, 2017 (Proforma)	
	Currency	Amount	Currency	Amount
Financial Liability	$7.48	486.36	$2.36	152.84
	AUD 1.41	70.71	-	-
Financial Asset	$6.24	405.70	$0.40	25.61

38.2.2. Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers fail to fulfil their contractual obligations to the Company. The credit risk management and control are centralised in a credit risk management team which reports regularly to Chief risk officer and Risk management committee of board of directors (RMCB).

Credit risk arises mainly from loans and advances to retail and corporate customers arising on account of facilitating credit card loans to customers. The Company also has exposure to credit risk arising from other financial assets such as cash and cash equivalents, other financial assets including fixed deposits with banks, other receivables from contracts with customers and contract assets etc.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

A. Credit risk management approach

Managing credit risk is the most important part of total risk management exercise. The Company's credit risk sub-function headed by Chief Risk Officer (CRO) is responsible for the key policies and processes for managing credit risk, which include formulating credit policies and risk rating frameworks, guiding the Company's appetite for credit risk exposures, undertaking independent reviews and objective assessment of credit risk, and monitoring performance and management of portfolios. The principal objectives being maintaining across the Company a strong culture of responsible lending, and robust risk policies and control frameworks, implementing and continually re-evaluating our risk appetite and ensuring there is adequate scrutiny of credit risks, their costs and their mitigation.

The basic credit risk management would cover two key areas, viz., (a) customer selection & (b) customer management. These are governed by Board Approved Credit Policy and Collections Policy which is reviewed on a regular basis.

(a) Customer Selection
Key criterion for customer selection is in accordance with Board Approved Credit Policy, which defines, inter alia, type of customers, category, market segment, income criterion, KYC requirement, documentation etc. The Policy also spells out details of credit appraisal process, delegation structure. The correct customer selection process aims to ensure quality portfolio and lower delinquency.

(I) Retail Customer Selection process
All the fulfilled applications undergo fraud dedupe check through a fraud detection software for national and local fraud matches. The cases also undergo scrutiny of KYC and income documents where all the approvable cases get screened by internal fraud prevention team for probable fraud alerts. The organization also works on system sampling through rules driven triggers that are based on market knowledge, fraud trends and other portfolio levels indicators.

For retails customers Credit limit is derived based on credit assessment of the individual based on bureau, income documents provided by the applicant and basis the overall risk profiling along with internal credit assessments process. The applications go through the application scorecards for approval. Multiple scorecards tailor-made to different customer segments have been implemented which take into consideration; an applicant's demographic, financial details along with credit worthiness assessment derived through the relationships & performance with the competitors.

Organization has worked on strengthening the credit decision process with pre-qualification of the probable customers and scientific selection based on liability score model developed internally for appropriate customer selection and targeting. We have made multiple interventions throughout the year to strengthen the acquisition quality. This has led to improvement in approval rates in the current financial year. The changes include discontinuation of programs, revision in MCP, scorecard level changes etc.

Credit limit assignment is a function of income capacity and risk assessment done for the individual applicant. Risk assessment is done based on internal scorecards that are based on applicant bureau history, application profile and demographic variables.

(II) Unsecured Corporate Customer Selection process

- For all unsecured corporate card exposures, SBI Cards conducts a detailed subjective assessment based on information taken from the corporate, bureau reports, third party credit assessment agencies like rating agencies and any publicly available information.

- To accurately assess the credit profile of a corporate, SBI Cards assesses the performance trends over the recent past as well as the estimate for the near future, and not just at a specific point in time. While the most critical indicators are detailed in the annexure along with the benchmarks approved by the board, many other performance indicators are presented in our credit proposals. These also vary slightly depending on the industry of operation of the corporate (for e.g., for manufacturing companies, working capital cycle and cash flow is assessed in detail; for companies in the service industry profitability margins and customer profile is studied in detail).

- In general, we evaluate the business risks associated with the corporate and its industry, its financial profile, liquidity situation and financial flexibility (in case of any perceived liquidity stress). We assess the trend over the years of various financial indicators like net revenue movement, profitability margins, interest cover, debt-to-equity, current ratio, working capital cycle, cash flow assessment etc. A peer comparison is also made between the corporate and other reputed companies from the same industry.

- Further, we assess the credit history indicators as determined by independent 3rd party agencies – external rating, bureau reporting, RBI negative list and asset classification letters from bankers. If the corporate has availed SBI credit facilities relationship, we also receive the details highlighting the type of facilities, payment track record, SB rating etc. A detailed call is also conducted with the corporate and SBI RM (in case the corporate has availed credit facilities from SBI) in order to clarify any queries/ concerns.

- If the credit profile of the corporate is deemed acceptable, and the corporate meets all the regulatory guidelines, the proposal is put before the approving authority (as per the delegation authority approved by the Board of Directors).

(III) Secured Corporate customer selection process

SBI Cards allows exposure to weaker corporates against liquid securities (e.g. Fixed Deposit & Bank Guarantee). For all secured corporate card exposures, SBI Cards checks the bureau reports and a slightly shorter proposal is put before the approving authority (as per the delegation authority approved by the Board of Directors). The security is validated before any cards are issued.

(b) Customer Management

Customer management is carried out through Account Management System, which includes:
• Fraud detection
• Portfolio quality review
• Credit line increase
• Cross sell on cards
• Behavior scorecard; and
• Collection score card etc.

The Company deploys right tools & contemporary technology to ensure the same. The Company has deployed practices/analytics such as the following to monitor and mitigate credit risk apart from accepting collaterals (for secured category of loan products)

Delinquency metrics have been developed and constantly evaluated & portfolio interventions leading to better quality of incoming new accounts
Strong collection practices driving consistent improvements in collection metrics &leveraging the latest credit bureau (CIBIL) information to improve recoveries from older pools
Strong use of analytics in measuring and monitoring credit risk are used such as;

• Scorecards assessing default risk & payment propensity
• Predictive Business Analytics Models viz. Debt Estimation, Line Assignment, Profitability based models
• Loss Forecasting Models

Portfolio Risk Management encapsulates the full spectrum of the customer lifecycle once the customer's account is onboarded on system. Building on the information captured at the time of sourcing, credit-intelligence enriching activities are undertaken to create a customer's profile around propensity to spend-pay-revolve-cross sell, delinquency, debt burden, spend affinity etc. The profiles are further matured in due course of time with customer's credit behavior- both onus (within the bank) and off us (with competitors from Credit Bureaus).

(I) Portfolio Risk Management Tools

Portfolio Risk Management leverages a host of information available on customer's behavior, both internal (account performance) and external (credit bureau information). These data points are collected at various stages of the customer lifecycle- active, inactive, pre-delinquency, early-delinquency, severe delinquency and post write-off. The usage of these data points is as below:

• **Predictive Modeling:** This is one of the strongest tools available for risk management where statistical scorecards are developed to predict customer's behavior.

• **Bureau data:** Bureau data is a very rich source to create a holistic credit profile of the customer and is refreshed on a quarterly basis. Industry data covers number of trades (by type of trade- PL, Card, mortgage etc.), balances, delinquency history on each trade etc.

• **Bureau event triggers:** Event based triggers can be set to alert a specific activity by the customer with competition banks which is reported to credit bureaus. For example, an inquiry for a personal loan in bureau can be a trigger to offer a Loan on card internally

• **Spend Indicators:** Spends data offers a rich insight into customer's differential risk profile when every other parameter (scores, payment ratio, spend ratio) is constant. A sudden and drastic shift from stable consumption based spend (utilities, groceries, fuel etc.) to aspirational spend (jewelry, apparel, gaming) can indicate future deterioration of risk grade.

• **Income estimator model:** For income-based sourcing, an inflation adjusted indexation is done to derive the current income based on past income docs. For non-income-based segment, income estimation models have been built to derive the income based on onus and bureau variables. The income derived from this model is used to calculate the debt burden ratio which is used as a non-score parameter for portfolio actions.

(II) Portfolio Management activities

Multiple portfolio management activities are undertaken based on the Risk Management tools described above. These activities and programs heavily leverage the bureau information in addition to onus data

a) Portfolio Segmentation

Using scorecards and other account behavior metrices, portfolio is segmented into Grow, Keep and Liquidate for non-delinquent portfolio. These segments offer a better risk grading compared to individual scorecards since it has an overlay of non-score parameters. The idea is to take positive credit expansion action on the Grow segment (Prime credit grade), monitor and take calibrated positive actions on the Keep segment (Semi-prime credit grade) and take negative actions on the Liquidate segment (Sub prime credit grade). The positive and negative actions have been described later in the document.

For delinquent portfolio similar score and non-score-based segmentations are created which then are allocated to collections as per defined collections and recovery strategies.

b) Cross-Sell & authorization

Credit expanding activities are taken on the portfolio based on portfolio segments which include loan on card, limit increase, balance transfer and card upgrades. Cross-sell is targeted towards Prime and Semi-Prime segments and aims to grow the good asset and bring in low risk revenues. In additional to permanent increase in exposure, temporary increase in exposure is also taken by means of risk based over limit authorization to allow customer convenience and generate fee-based revenue.

c) Account Management

Detailed policies and processes are created for end to end management of the account by means of a comprehensive services policy. It covers security checks at call center/website, account modification activities (address/contact detail change), customer-initiated requests (balance refund, loan requests), account reinstatement, card renewals, supplementary card, billing cycle change, reversal of charges, bureau reporting, dispute/fraud chargeback among others. The primary objective is to respond to queries in a timely and accurate manner and resolve disputes expediently. Technology is heavily leveraged here wherein bulk of the policies and processes are automated with self-service channels for customers. Processes have been created to simplify the customer journey for fulfilment of customer requests. It is also ensured that all account management policies adhere to regulatory guidelines with respect to KYC norms, customer consent etc.

d) Collections and Recoveries

Strategies have been created for repayment at various stages which starts at DPD where customer has missed the payment due date but is yet to go delinquent. Further segments have been created using the collections scorecards and other variables and the output is passed on to the collections team for on field/agency activities. The frequency, mode and verbiage of communication is decided based on the segmentations.

e) Fraud Control
Checks have been built into the account management policy to prevent unauthorized access or takeover of customer account. In addition to that, a robust strategy has been created around transaction fraud covering:

• Decline/alert Rules based on Volume-velocity-variety
• Daily dispute review to identify fraud pattern and merchant
• Daily new merchant review to block fraudulent merchants before they gain momentum
• Optimization of chargeback policy and processes to reduce manual errors
• SOP for the Fraud Risk Management agents who review fraud alerts.

A feedback loop is also created for the sourcing policy to discontinue segments which show considerable and persistent delinquencies. The portfolio review across these metrices is not onus but also with the industry by means of reports or custom analysis from network (Visa/Mastercard/Rupay) or bureau.

(I) **Key levers and actions**
When it comes to taking actions on portfolio based on the portfolio indicators there are multiple levers of change depending on the desired outcome. These primarily are credit limit, cross-sell offers, account blocking, communication.

Collection Approach
Customers who fail to pay their dues by the stipulated payment due date, at various stages of delinquency, come under the purview of collections & recovery strategies, as is decided by risk and/or collections team from time to time. Company uses various measures for collection of dues including tele-calling, field visits, written reminders, SMS, legal recourse etc. as is permitted by the approved strategy. Collection of dues will follow definitive treatment hierarchy (viz. total amount payment, minimum amount payment, bucket outstanding payment followed by financial hardship tools) and will involve laid down procedures, duly approved. Collection team may segregate treatment of accounts based on effectiveness of collections, cost implications & productivity benefit as well as the stage of delinquency. Accounts may also get allocated to external agencies, duly empaneled, depending on the severity, vintage of delinquency or any other related parameters.

SBI Cards may block the customer's account, in the event payment is not received within stipulated payment due date, as communicated through statements & SMS. The account block, in such cases, may be temporary or permanent depending on delinquency stage, default potential, payment history. Accounts charged off post 191 days from payment due date are classified as Recovery Pool / Post charge-off bucket. Alternate Dispute Resolution channels like Arbitration, Conciliation, Bilingual Legal Notice, Privilege Police Complaint and Lok Adalat recourse taken depending upon risk profile. Also, Quasi-legal, legal action under Sec 138 of Negotiable Instruments Act.

Also, the collaterals in the case of secured retail and corporate loans given are Fixed Deposit (FD) or Bank Guarantee (BG) from banks and hence, there is no significant/minimal credit risk associated for secured pool of loans which constitutes generally 1% - 2 % of the total credit exposure.

Stress testing on portfolio would be carried out periodically and results are regularly reported to RMCB and necessarily follow up action is taken. The review of portfolio analysis & trends, including recovery rates, is carried out at monthly intervals at the Executive Risk Management Committee of the Company.

Managing customer life cycle is a functional priority of the credit risk function. However, the Company may still continue to recover amounts legally and contractually owed.

Prohibited Practices
Tele callers / Recovery agents are prohibited in conducting the following acts but not limited to:
• Engaging in any conduct or practices that harass, threat, oppress or abuse any person in connection with the collection of a debt.
• Using false, deceptive or misleading representations or practices in collection of any debt.
• Refrain from action that could damage the integrity and reputation of SBI Cards.
• Threatening or using violence to harm an individual's body, reputation or property.
• Using obscene gestures and abusive language (either orally or in writing).

B. Credit risk analysis

This section analyses Company's credit risk split as follows;
(a) **Exposure to credit risk** - Analysis of overall exposure to credit risk before and after credit risk mitigation.
(b) **Credit quality analysis** - Analysis of overall loan portfolio by credit quality.
(c) **Impairment** - Analysis of non-performing / impaired loans.
(d) **Credit risk mitigation** - Analysis of collaterals held by client segment and collateral type.

(Figure in Rupees Millions, unless otherwise stated)

(a) Exposure to credit risk

Maximum exposure to credit risk before and after credit risk mitigation is given below;

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
	Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount
Cash and bank balances	4,927.25	6,423.99	7,767.75	4,726.76	2,829.47
Derivative Financial Instruments	-	462.92	1.04	-	-
Trade Receivables	1,798.27	684.70	1,488.23	229.99	252.78
Other Receivables	1,028.52	1,348.84	1,461.97	1,277.33	1,072.02
Loans	222,794.83	156,659.30	179,087.27	140,455.39	99,828.51
Investment	14.63	14.63	14.63	0.01	0.01
Other Financial Assets	290.32	530.50	306.09	1,139.22	24.71
Total	**230,853.82**	**166,124.88**	**190,126.98**	**147,828.71**	**104,007.50**

Loans to customer includes loans secured by lien on Fixed deposits and Bank Guarantee held with third party banks. Secured loans account for 1.47% as at September 30, 2019, 2.20% as at September 30, 2018, 1.34% as at March 31, 2019, 1.80% as at March 31, 2018 and 2.73% as of March 31, 2017 (Proforma), of total loans.

Notes:
- Loans to customers which accounts for approx. 94% of total exposure to credit risk is segregated based on risk characteristics of the population to manage credit quality and measure impairment.
- Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.
- Investment are valued at Fair value as on balance sheet date and effect has been routed through Other Comprehensive Income to be in line with Ind AS guideline
- Derivative instruments taken by the Company are from the same party (Parent company - Refer Note 16 and Note 7) from whom the Company has taken the underlying loan. Hence, default risk from counterparty is also being a financial institution with high credit rating is limited.
- Company follows simplified approach for recognition of impairment loss allowance on trade receivables/other receivables wherein Company uses a provision matrix to determine the impairment loss allowance on the portfolio of receivables.

Credit concentration risk

Credit concentration risk may arise from a single large exposure to a counterparty Credit concentration risk may arise from a single large exposure to a counterparty or a group of connected counterparties, or from multiple exposures across the portfolio that are closely correlated.

Large exposure concentration risk is managed through concentration limits set by a counterparty or a group of connected counterparties based on control and economic dependence criteria

For concentrations that are material at a Company level, breaches and potential breaches are monitored by the respective governance committees and reported to the Risk Committee and CRO.

The Company follows the prescribed Regulatory Prudential Norms:
- Single Borrower Exposure limit - 15% of net owned funds of SBI Cards & Payments Services Ltd.
- Group Borrower Exposure limit - 25% of net owned funds of SBI Cards & Payments Services Ltd

In addition, there is also an internal capping on the single borrower exposure at Rs 200 Cr.

Single Borrower and Group Borrower exposure as on:

Particulars	Single Borrower exposure	Group Borrower exposure
September 30, 2019	2.82%	4.62%
September 30, 2018	4.34%	9.26%
March 31, 2019	4.10%	8.60%
March 31, 2018	4.30%	8.00%
March 31, 2017 (Proforma)	4.30%	9.40%

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

The following tables gives credit risk / exposure concentration by client segment

Concentration by client portfolio segment
The following table sets out an analysis of risk concentration of loans to customers split by client segment

Portfolio segment	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Corporate - Secured	351.18	690.18	438.96	736.53	718.21
Corporate - Unsecured	1,953.22	2,192.11	2,825.27	2,597.79	983.58
Retail - Secured	3,038.39	2,880.33	2,039.15	1,892.80	2,098.46
Retail - Unsecured	225,040.31	156,825.72	179,959.55	140,470.86	99,251.71
Total	**230,383.10**	**162,588.33**	**185,262.93**	**145,697.98**	**103,051.97**

(b) Credit quality analysis

Credit grading

The Company classifies credit exposure basis risk characteristics into high/medium/low risk. The Company has in place a credit risk grading model (Internal rating model) which is supplemented by external data such as credit bureau scoring information, financials statements and payment history that reflects its estimates of probabilities of defaults of individual counterparties and it applies blocks(soft/hard) on accounts based on activity pattern of the borrower.

A breakdown of loans by credit quality is given below.

By Portfolio Segment

Impact of year on year increase is on account of portfolio growth.

Credit risk classification/ Staging	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Strong (Stage 1)	206,538.45	145,274.01	166,990.00	130,330.14	93,666.11
Satisfactory (Stage 2)	18,466.24	12,743.57	13,743.44	11,242.89	6,976.84
High Risk (Stage 3)	5,378.41	4,570.71	4,529.49	4,124.97	2,409.02
Total	**230,383.10**	**162,588.30**	**185,262.93**	**145,697.99**	**103,051.97**

Approach followed:

Stage 1	includes accounts that have not had a significant increase in credit risk since initial recognition or have low credit risk at the reporting date. 12-month expected credit losses (‘ECL’) are recognized and interest revenue is calculated on the gross carrying amount of the asset
Stage 2	Includes accounts that have had a significant increase in credit risk since initial recognition but that does not have objective evidence of impairment. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the card.
Stage 3	includes accounts that have objective evidence of impairment at the reporting date. Lifetime ECL is calculated for such accounts.

Credit quality by client segment
An overall breakdown of loan portfolio by client segment is provided below differentiating between performing and non-performing loan book,

The Company segregates its credit risk exposure from loans & advances to customers as Stage 1 (Good), Stage 2 (Increased credit risk), Stage 3 (Impaired loans). The staging is done based on criteria specified in Ind AS 109 and other qualitative factors.

ECL for Corporate Secured = 0, as post 60DPD Bank Guarantee/Fixed Deposit gets revoked
Overall, there is improvement in ECL% ages for Retail Unsecured portfolio, mainly because of improvement in portfolio quality year on year driven by better sourcing, certain bad segments were actioned upon during FY2018-19 and improved recoveries.

(c) Impairment

Collective measurement model (Retail and Corporate)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with the change in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to likelihood of defaults occurring, of the associated loss ratios, collaterals and coverage ratio etc.

The Company measures credit risk using Probability of Default (PD), Exposure of Default (EAD), Loss Given Default (LGD). Ind AS 109 outlines a three staged model for measurement of impairment based on changes in credit risk since initial recognition.

- A financial instrument that is not credit impaired on initial recognition is classified in 'Stage1'
- If a significant increase in credit risk (SICR) is identified the financial instrument moves to 'Stage 2'
- If the financial instrument is credit-impaired, the financial instrument moves to 'Stage3' category.

The Company defines default or significant increase in credit risk (SICR) based on the following quantitative and qualitative criteria.

Definition of Default

Quantitative criteria
The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria
The borrower meets unlikeliness to pay criteria, which indicates that the borrower is in significant difficulty wherein a 'hard block' is applied on accounts and is blocked for further activity on meeting the following criteria;
- Arrangement to Pay
- Settlement
- Cardholder is deceased
- Restructured

Definition of Significant increase in credit risk (SICR)
Quantitative criteria

The borrower is 30-90 past due on its contractual payments.
Qualitative criteria

When borrowers are classified as "high risk" or when the account is tagged as " over-limit" i.e. when borrowers are expected to/approach their credit limit it is considered as indicator of increased credit risk.
The default definition has been applied consistently to model the PD, LGD and EAD for measurement of ECL.

Measuring ECL- Explanation of inputs, assumptions and estimation techniques
ECL is measured on either a 12 month or lifetime basis depending on whether there is an increase in SICR since initial recognition. ECL is the discounted product of PD, LGD and EAD.

(Figure in Rupees Millions, unless otherwise stated)

Estimation for retail accounts

PD
Month on month (MOM) default rates were calculated for all vintages. Post calculating Mom default rates, cumulative yearly PDs being calculated till lifetime.
- For Stage 1 accounts 1- year marginal PD were calculated.
- For Stage 2 accounts - Lifetime PDs were calculated
- For Stage 3 accounts a 100% PD was taken

LGD
All discounted recoveries net of collection costs is calculated segment wise against exposures to arrive at loss estimates. Discount rate being considered is the average yield rate across segments. LGD is floored at 0% and capped at 100%

EAD
Segment wise EAD is calculated using the below formula.
EAD = Balance Outstanding + CCF*(Credit Limit – Balance Outstanding), where CCF is proportion of unutilized credit limit which is expected to be utilized till the time of default. CCF is applicable only for stage 1 accounts, as stage 2 and stage 3 accounts cannot utilize the unused credit limit. CCF % = Utilisation (t+12) – Utilisation (t) i.e. change of utilization rates over next 1 year, its being floored at 0%

Segment wise PD and LGD as at September 30, 2019, rates arrived at for all stages is given below
The Company revisits the inputs, assumptions used in measurement of ECL whenever there is a significant change, at least every quarter.

As at September 30, 2019:

Portfolio Segment	PD			LGD		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Corporate - Secured	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corporate - Unsecured	0.52%	0.09%	100.00%	59.82%	59.82%	59.82%
Retail - Secured	3.55%	7.07%	100.00%	7.76%	7.76%	7.76%
Retail - Unsecured	2.41%	6.02%	100.00%	67.02%	67.02%	67.02%

Individual Measurement (Corporate)
The Company's credit risk function segregates loans with specific risk characteristics based on trigger events identified using sufficient and credible information available from internal sources supplemented by external data.

Specific reserve may be created in following scenarios: -

- Rating of the corporate is downgraded significantly.
- Public news of default or fraud by the corporate or any group company with any lender.
- Adverse reporting in bureau with respect to the corporate or promoters (overdues with other lenders)
- Adverse public information on corporate or associated group.
- Significant Overdues of the corporate or group companies with SBI Card or SBI.
- If corporate exposure is backed by security, and there is a deterioration in the value of the underlying security.

Impairment allowance for these exposures are reviewed and accounted on a case by case basis. Below table states different scenarios and effect of the same on point in time provision.

Classification	Trigger point's	Provision
Stage 2	Rating of the corporate downgraded by 2 notches but still investment grade or, Early warning triggers or, Overdue amount reported in bureau>INR 0.5 million (but not NPA or 90+)	1. PD determination basis external rating 2. LGD will be as applicable for the quarter 3. EAD will be point in time outstanding of the corporate
Stage 3	Rating of the corporate downgraded by 3 notches or current rating falls below investment gra NPA with SBI Card, any other group Company > INR 0.1 million	1. PD will be 100% 2. LGD will be as applicable for the quarter 3. EAD will be point in time outstanding of the corporate
Stage 3	Rating of corporate downgraded to C/D category or, Public news of default or fraud by the corporate	1. Provisioning will be 100% of point in time outstanding of the corporate

The normal ECL model for provisioning will not apply to corporates, where specific reserves are being held.

In the event where above stated conditions show improvement and corporate no longer falls under any of triggers for consistently 3 months, provision is restated basis Collective measurement model.

(Figure in Rupees Millions, unless otherwise stated)

Below table shows stage wise portfolio gross exposure and loss allowance

Portfolio Segment	As at September 30, 2019			As at September 30, 2018			As at March 31, 2019		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Corporate - Secured	351.18	-	-	690.18	-	-	438.96	0.01	-
Corporate - Unsecured	1,947.26	4.78	1.18	2,187.77	2.82	1.51	2,802.83	21.82	0.62
Retail - Secured	2,933.70	98.18	6.51	2,768.53	97.23	14.57	2,830.72	117.12	15.75
Retail - Unsecured	201,306.32	18,363.28	5,370.71	139,627.53	12,643.51	4,554.64	160,917.50	13,604.50	4,513.12
Gross Exposure	**206,538.45**	**18,466.24**	**5,378.41**	**145,274.01**	**12,743.57**	**4,570.71**	**166,990.00**	**13,743.44**	**4,529.49**
Less : Impairment loss	3,242.06	741.86	3,604.35	2,272.82	581.57	3,074.61	2,599.85	564.48	3,011.33
Carrying Amount	**203,296.39**	**17,724.38**	**1,774.05**	**143,001.19**	**12,162.01**	**1,496.10**	**164,390.15**	**13,178.96**	**1,518.16**

Portfolio Segment	As at March 31, 2018			As at March 31, 2017 (Proforma)		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Corporate - Secured	844.17	-	-	7.79	-	-
Corporate - Unsecured	2,482.60	6.43	1.12	1,686.70	6.66	0.64
Retail - Secured	2,626.82	119.68	16.52	2,162.33	83.13	11.04
Retail - Unsecured	124,376.55	11,116.78	4,107.33	89,809.29	6,887.05	2,397.34
Gross Exposure	**130,330.14**	**11,242.89**	**4,124.97**	**93,666.11**	**6,976.84**	**2,409.02**
Less : Impairment loss	1,964.59	500.61	2,777.40	1,313.68	274.09	1,635.70
Carrying Amount	**128,365.55**	**10,742.28**	**1,347.57**	**92,352.43**	**6,702.75**	**773.32**

Below table shows the breakup of loss provision

Portfolio Segment	As at September 30, 2019			As at September 30, 2018			As at March 31, 2019		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Corporate - Secured	-	-	-	-	-	-	-	-	-
Corporate - Unsecured	6.05	0.00	0.71	4.72	0.01	0.81	6.08	0.04	-
Retail - Secured	8.07	0.54	0.50	9.51	0.63	1.09	8.73	0.75	1.24
Retail - Unsecured	3,227.94	741.32	3,603.14	2,258.60	580.93	3,072.70	2,585.04	563.69	3,010.09
Total loss	**3,242.06**	**741.86**	**3,604.35**	**2,272.82**	**581.57**	**3,074.61**	**2,599.85**	**564.48**	**3,011.33**

Portfolio Segment	As at March 31, 2018			As at March 31, 2017 (Proforma)		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Corporate - Secured	-	-	-	-	-	-
Corporate - Unsecured	7.94	0.02	0.69	14.47	0.13	0.40
Retail - Secured	12.08	1.07	1.56	11.68	0.82	1.32
Retail - Unsecured	1,944.56	499.52	2,775.15	1,287.53	273.13	1,633.98
Total loss	**1,964.59**	**500.61**	**2,777.40**	**1,313.68**	**274.09**	**1,635.70**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

Below table shows the ECL % applied on portfolio gross exposure

ECL percentage	As at September 30, 2019			As at September 30, 2018			As at March 31, 2019		
Segment wise exposure	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Corporate - Secured	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corporate - Unsecured	0.31%	0.05%	59.82%	0.22%	0.24%	53.93%	0.22%	0.17%	0.00%
Retail - Secured	0.28%	0.55%	7.76%	0.34%	0.65%	7.51%	0.31%	0.64%	7.87%
Retail - Unsecured	1.60%	4.04%	67.09%	1.62%	4.59%	67.46%	1.61%	4.14%	66.70%

ECL percentage	As at March 31, 2018			As at March 31, 2017 (Proforma)		
Segment wise exposure	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Corporate - Secured	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corporate - Unsecured	0.32%	0.28%	62.05%	0.86%	2.00%	62.11%
Retail - Secured	0.46%	0.89%	9.43%	0.54%	0.99%	11.95%
Retail - Unsecured	1.56%	4.49%	67.57%	1.43%	3.97%	68.16%

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

ECL - Reconciliation

Particulars	Stage 1	Stage 2	Stage 3
Loss Allowance as at April 1, 2016 (Proforma)	**916.56**	**174.48**	**1,229.33**
Movements during the period			
Addition / Reduction in Provision	(27.27)	67.98	204.21
Movements within stages	40.39	(25.20)	(15.19)
Write-offs during the period	(31.01)	(30.34)	(85.49)
New Cases Addition	415.00	87.17	302.85
Loss Allowance as at March 31, 2017 (Proforma)	**1,313.68**	**274.09**	**1,635.70**
Movements during the period			
Addition / Reduction in Provision	21.34	5.90	(258.64)
Movements within stages	(224.03)	151.50	1,855.38
Write-offs during the period	(17.27)	(56.09)	(1,102.00)
New Cases Addition	870.87	125.20	646.97
Loss Allowance as at March 31, 2018	**1,964.59**	**500.61**	**2,777.40**
Movements during the period			
Addition / Reduction in Provision	(46.53)	(9.71)	(416.79)
Movements within stages	(400.59)	168.65	2,395.95
Write-offs during the period	(26.83)	(107.33)	(1,897.52)
New Cases Addition	1,109.22	12.26	152.29
Loss Allowance as at March 31, 2019	**2,599.85**	**564.48**	**3,011.33**
Movements during the period			
Addition / Reduction in Provision	(246.35)	189.58	2,624.35
Movements within stages	292.83	(55.14)	(237.70)
Write-offs during the period	(3.41)	(49.76)	(1,886.97)
New Cases Addition	599.13	92.69	93.35
Loss Allowance as at September 30, 2019	**3,242.06**	**741.86**	**3,604.35**

Loss Allowance as at March 31, 2018	**1,964.59**	**500.61**	**2,777.40**
Movements during the period			
Addition / Reduction in Provision	(319.69)	165.11	2,159.10
Movements within stages	301.00	(84.43)	(216.60)
Write-offs during the period	(1.66)	(52.42)	(1,677.81)
New Cases Addition	328.59	52.69	32.51
Loss Allowance as at September 30, 2018	**2,272.82**	**581.57**	**3,074.60**

(Figure in Rupees Millions, unless otherwise stated)

(d) Credit risk mitigation

The below table shows the cover ratio of total NPA to gross earning asset for the portfolio segment

Gross Non-Performing Loans	**Corporate Secured**	**Corporate Unsecured**	**Retail Secured**	**Retail Unsecured**
As at April 1, 2016 (Proforma)	**-**	**0.17**	**18.24**	**1,800.57**
Addition/ Reduction	-	0.11	(13.76)	229.39
Impairments/Write off	-	-	(0.90)	(125.43)
New cases addition	-	0.36	7.46	492.81
As at March 31, 2017 (Proforma)	**-**	**0.64**	**11.04**	**2,397.34**
Cover Ratio	0.00%	62.11%	11.95%	68.16%
Addition/ Reduction	0.01	0.39	(303.11)	(247.98)
Impairments/Write off	(0.02)	(0.47)	(7.18)	(1,622.60)
New cases addition	0.01	0.56	315.77	3,580.56
As at March 31, 2018	**-**	**1.12**	**16.52**	**4,107.33**
Cover Ratio	0.00%	62.05%	9.43%	67.57%
Addition/ Reduction	(0.01)	(0.22)	(319.90)	(710.84)
Impairments/Write off	-	(0.67)	(11.33)	(2,813.05)
New cases addition	0.01	0.39	330.46	3,929.67
As at March 31, 2019	**-**	**0.62**	**15.75**	**4,513.12**
Cover Ratio	0.00%	0.00%	7.87%	66.70%
Addition/ Reduction	-	922.40	(5.23)	3,466.10
Impairments/Write off	-	(921.84)	(8.41)	(2,831.49)
New cases addition	-	0.00	4.40	222.99
As at September 30, 2019	**-**	**1.18**	**6.51**	**5,370.71**
Cover Ratio	0.00%	59.82%	7.76%	67.09%

As at March 31, 2018	**-**	**1.12**	**16.52**	**4,107.33**
Addition/ Reduction	-	1.03	1.64	2,829.64
Impairments/Write off	-	(0.66)	(9.06)	(2,487.47)
New cases addition	-	0.02	5.47	105.13
As at September 30, 2018	**-**	**1.51**	**14.57**	**4,554.64**
Cover Ratio	0.00%	53.93%	7.51%	67.46%

(Figure in Rupees Millions, unless otherwise stated)

38.2.3. Liquidity risk

Liquidity risk is the risk that the Company doesn't have sufficient financial resources to meet its obligations as and when they fall due or will have to do so at an excessive cost. This risk arises from the mismatches in the timing of the cash flows which is inherent in all financing operations and can be affected by a range of company specific and market wide events. Therefore, Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company has put in place an effective Asset Liability Management System, constituted an Asset Liability Management Committee ("ALCO") headed by Managing Director & CEO of the Company.

The Company manages its liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations. ALCO is responsible for managing the Company's liquidity risk via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

Company's borrowing program is rated by CRISIL & ICRA. Short term rating is A1+ and long-term rating is AAA/Stable by both the agencies. There has been no change in ratings from last 10 years.
The maturity pattern of items of non-derivative financial assets and liabilities at undiscounted principal and interest cash flows are as under:

Maturity Analysis of Non Derivative financial assets & liabilities : As at September 30, 2019

Description	Upto 30/31 days	Over 1 month	Over 2 months	Over 3 months	Over 6 months	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Financial Liabilities									
Debt securities	11,467.88	6,450.18	12,310.98	5,821.42	16,573.34	12,344.41	-	-	64,968.22
Borrowings other than debt securities	42,932.92	26,407.78	7,789.97	15,023.38	3,239.83	919.17	513.63	15.01	96,841.68
Subordinated liabilities	-	-	-	-	-	1,997.13	6,989.74	3,476.68	12,463.54
Other Financial Liabilities	7,345.34	655.93	543.34	1,309.78	1,283.71	0.15	0.03	465.97	11,604.25
Financial Liabilities Total	**61,746.14**	**33,513.89**	**20,644.29**	**22,154.57**	**21,096.88**	**15,260.86**	**7,503.41**	**3,957.65**	**185,877.69**
Financial Assets									
Cash and cash equivalents	4,471.48	-	-	-	-	-	-	-	4,471.48
Banks Balances	-	-	-	-	10.12	-	-	445.66	455.78
Loans & Advances	76,345.53	36,797.40	24,177.20	37,649.67	23,021.51	23,029.48	-	1,774.05	222,794.83
Investments	-	-	-	-	-	-	-	14.63	14.63
Other Financial Assets	306.60	235.64	2,248.28	9.78	160.24	156.56	-	-	3,117.10
Financial Assets Total	**81,123.62**	**37,033.04**	**26,425.48**	**37,659.44**	**23,191.87**	**23,186.04**	**-**	**2,234.34**	**230,853.82**

Maturity Analysis of Non Derivative financial assets & liabilities : As at September 30, 2018

Description	Upto 30/31 days	Over 1 month	Over 2 months	Over 3 months	Over 6 months	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Financial Liabilities									
Debt securities	1,888.37	-	-	-	-	10,097.18	-	-	11,985.55
Borrowings other than debt securities	25,111.05	12,020.42	5,020.38	45,645.46	10,122.55	717.23	503.46	185.65	99,326.20
Subordinated liabilities	-	-	-	499.86	499.81	-	6,985.92	1,997.01	9,982.60
Other Financial Liabilities	4,727.48	471.61	471.61	988.89	496.63	1,163.87	-	880.99	9,201.08
Financial Liabilities Total	**31,726.90**	**12,492.03**	**5,491.99**	**47,134.21**	**11,118.98**	**11,978.29**	**7,489.37**	**3,063.65**	**130,495.43**
Financial Assets									
Cash and cash equivalents	4,628.02	585.00	200.00	-	-	-	-	-	5,413.02
Banks Balances	-	-	-	-	630.11	-	-	380.86	1,010.97
Loans & Advances	52,500.62	25,915.46	17,562.01	27,416.94	17,767.22	14,000.94	-	1,496.10	156,659.30
Investments	-	-	-	-	-	-	-	14.63	14.63
Other Financial Assets	285.66	314.21	314.21	179.75	4.54	4.76	-	1,923.81	3,026.94
Financial Assets Total	**57,414.29**	**26,814.67**	**18,076.23**	**27,596.69**	**18,401.88**	**14,005.69**	**-**	**3,815.40**	**166,124.88**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

Maturity Analysis of Non Derivative financial assets & liabilities : As at March 31, 2019

Description	Upto 30/31 days	Over 1 month	Over 2 months	Over 3 months	Over 6 months	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Financial Liabilities									
Debt securities	1,495.65	1,976.06	17,726.72	-	-	15,097.64	4,497.08	-	40,793.16
Borrowings other than debt securities	44,640.89	24,655.06	1,534.21	8,850.30	2,705.26	822.29	513.20	22.89	83,744.11
Subordinated liabilities	-	-	-	499.90	-	999.01	7,985.88	2,483.19	11,967.99
Other Financial Liabilities	9,024.41	2,518.16	2,128.42	2,721.95	487.90	0.15	-	441.82	17,322.81
Financial Liabilities Total	**55,160.95**	**29,149.28**	**21,389.35**	**12,072.16**	**3,193.16**	**16,919.10**	**12,996.16**	**2,947.90**	**153,828.07**
Financial Assets									
Cash and cash equivalents	7,335.04	-	-	-	-	-	-	-	7,335.04
Banks Balances	-	-	-	-	0.11	-	-	432.60	432.71
Loans & Advances	57,940.77	28,324.75	21,626.99	30,943.44	19,430.92	19,302.25	-	1,518.13	179,087.27
Investments	-	-	-	-	-	-	-	14.63	14.63
Other Financial Assets	942.50	557.79	557.79	194.66	748.30	234.93	17.70	3.66	3,257.33
Financial Assets Total	**66,218.32**	**28,882.54**	**22,184.78**	**31,138.10**	**20,179.34**	**19,537.19**	**17.70**	**1,969.02**	**190,126.98**

Maturity Analysis of Non Derivative financial assets & liabilities : As at March 31, 2018

Description	Upto 30/31 days	Over 1 month	Over 2 months	Over 3 months	Over 6 months	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Financial Liabilities									
Debt securities	-	5,687.48	12,807.13	4,896.44	-	4,998.70	1,099.51	-	29,489.26
Borrowings other than debt securities	42,314.31	1,776.94	26.94	10,566.10	18,661.63	605.88	537.13	169.61	74,658.55
Subordinated liabilities	-	-	-	-	499.71	499.71	1,995.36	6,985.59	9,980.37
Other Financial Liabilities	4,570.56	1,382.86	1,382.86	1,115.52	1,955.02	464.65	-	901.20	11,772.67
Financial Liabilities Total	**46,884.87**	**8,847.28**	**14,216.93**	**16,578.06**	**21,116.36**	**6,568.94**	**3,632.00**	**8,056.40**	**125,900.85**

(Figure in Rupees Millions, unless otherwise stated)

Financial Assets

Cash and cash equivalents	3,119.03	-	-	-	-	-	-	-	3,119.03
Banks Balances	85.36	380.00	230.00	310.31	250.00	-	-	352.07	1,607.74
Loans & Advances	44,396.77	23,956.41	15,380.40	25,694.49	16,446.94	13,232.82	-	1,347.56	140,455.39
Investments	-	-	-	-	-	-	-	0.01	0.01
Other Financial Assets	559.11	36.87	36.87	48.82	261.25	114.50	1,321.29	267.84	2,646.55
Financial Assets Total	**48,160.26**	**24,373.28**	**15,647.27**	**26,053.61**	**16,958.20**	**13,347.32**	**1,321.29**	**1,967.47**	**147,828.71**

Maturity Analysis of Non Derivative financial assets & liabilities : As at March 31, 2017 (Proforma)

Description	Upto 30/31 days	Over 1 month	Over 2 months	Over 3 months	Over 6 months	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Financial Liabilities									
Debt securities	30,188.71	16,387.31	6,649.70	18,262.62	3,609.47	-	-	-	75,097.82
Borrowings other than debt securities	1,955.96	3.17	3.17	9.50	19.00	77.43	68.86	60.29	2,197.37
Subordinated liabilities	-	-	-	-	399.73	998.94	998.27	2,992.03	5,388.97
Other Financial Liabilities	2,027.67	221.92	221.92	370.73	730.27	179.80	(0.00)	321.58	4,073.90
Financial Liabilities Total	**34,172.34**	**16,612.40**	**6,874.79**	**18,642.85**	**4,758.47**	**1,256.17**	**1,067.13**	**3,373.90**	**86,758.06**
Financial Assets									
Cash and cash equivalents	1,747.22	-	-	-	-	-	-	-	1,747.22
Banks Balances	785.00	-	-	-	-	-	-	297.25	1,082.25
Loans & Advances	29,067.50	16,279.75	10,958.98	20,441.25	15,956.74	6,350.95	-	773.32	99,828.51
Investments	-	-	-	-	-	-	-	0.01	0.01
Other Financial Assets	60.49	116.27	116.27	91.82	123.59	138.90	640.78	61.38	1,349.51
Financial Assets Total	**31,660.22**	**16,396.02**	**11,075.25**	**20,533.08**	**16,080.33**	**6,489.85**	**640.78**	**1,131.96**	**104,007.50**

Maturity Analysis of Derivative financial liabilities :

Description	Upto 30/31 days	Over 1 month	Over 2 months	Over 3 months	Over 6 months	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
As at September 30, 2019									
Foreign exchange forward contract	-	69.74	-	126.80	-	-	-	-	196.53
As at September 30, 2018									
Foreign exchange forward contract	-	-	-	(462.92)	-	-	-	-	(462.92)
As at March 31, 2019									
Foreign exchange forward contract	508.55	586.79	-	(1.04)	-	-	-	-	1,094.31
As at March 31, 2018									
Foreign exchange forward contract	10.98	-	-	17.56	-	-	-		28.54
As at March 31, 2017 (Proforma)									-
Foreign exchange forward contract									-

The table above details the Company's expected maturities for its non-derivative and derivative financial instruments drawn up based on the undiscounted contractual maturities including interest. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

(Figure in Rupees Millions, unless otherwise stated)

The Company had access to the following undrawn borrowing facilities at the end of the reporting periods/years.

Funding Facility	Total Facility	Drawn *	Undrawn
September 30, 2019			
Less than 1 year	164,000.00	138,539.43	25,460.57
September 30, 2018			
Less than 1 year	110,000.00	99,563.13	10,436.87
March 31, 2019			
Less than 1 year	140,000.00	103,173.63	36,826.37
March 31, 2018			
Less than 1 year	110,000.00	96,413.65	13,586.35
March 31, 2017 (Proforma)			
Less than 1 year	80,000.00	77,050.61	2,949.39

* Drawn amount does not include lease liabilities

Other price risks
The Company is exposed to equity price risks arising from equity investments. The Company's equity investments are held for strategic rather than trading purposes.

Equity price sensitivity analysis
If equity prices had been 10% higher/lower Other comprehensive income for the period ended September 30, 2019 would increase/decrease by Rs.1.46 million (for the year ended March 31, 2019 increase/decrease by Rs. 1.46 million) as a result of the changes in fair value of equity investments measured at FVTOCI

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

39. Auditors' remuneration (excluding GST/Service tax)

Professional fee includes auditors' remuneration as follows:

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Audit fee	-	-	4.50	2.20	2.20
Quarterly Limited Review fee	0.80	0.60	0.90	0.45	0.45
Tax audit fee	-	-	0.44	0.25	0.25
Fee for other services	-	1.10	0.79	0.35	0.35
Reimbursement of expenses	-	-	0.31	0.21	0.20
Audit fee for valuation purposes under Income Tax Act, 1961	-	-	-	0.50	-
Total	**0.80**	**1.70**	**6.94**	**3.96**	**3.45**

40. Movement of provision for reward points redemption and legal cases in accordance with Ind AS 37; Provisions, contingent liabilities and contingent assets is as under:

Reward Points Movement*

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
a. Provision at the beginning of the year/period*	4,388.36	3,162.64	3,162.64	2,300.58	1,532.29
b. P & L Charge during the period	2,426.07	1,989.19	4,130.75	3,015.84	2,225.35
c. Value of points redeemed during the period	(1,967.82)	(1,412.06)	(3,002.60)	(2,180.30)	(1,482.14)
d. Adjustment for change in estimate during the period	(1,554.08)	-	-	-	-
e. Movement on account of contract assets	(192.60)	109.00	97.58	26.53	25.07
f. Provision at the end of the year/period* (a+b-c-d-e)	**3,099.93**	**3,848.77**	**4,388.36**	**3,162.65**	**2,300.58**

* The Company provides redemption rate trend, Expiry rate trend, Cost per point, total reward point stock and life of reward points to the actuary for carrying out actuarial valuation of reward point stock. During the half year ended September 30, 2019, Company has changed the estimation method of future reward point redemption and expiry rates to reflect the most accurate value of reward point liability. One-time impact of change as provided by actuary is a gain of Rs 1554.08 millions which is credited to the profit and loss account in the current quarter under other income with a corresponding reduction in reward point liability shown under schedule 24 to the balance sheet.

** Provision for reward points as at September 30, 2019 includes provision as per actuarial valuation of Rs. 2,985.67 millions (previous period Rs. 3,579.48 millions) and provision for unpaid claims of Rs. 114.28 millions (previous period Rs. 269.31millions)

Legal Claims:

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
a. Provision at the beginning of the year	1.49	2.56	2.56	1.19	1.74
b. Additions / (Reduction) made during the year	(0.24)	(0.79)	(0.07)	2.22	(1.01)
c. Amount Paid during the year	0.16	0.26	0.40	0.85	0.46
d. Provision at the end of the year (a+b-c)	**1.08**	**1.51**	**1.49**	**2.56**	**1.19**

41. Related party disclosures

List of parties who have controlling interest or with whom transactions have taken place during the year.

List of related parties

i. Holding Entity

State Bank of India

ii. Joint venture
GE Capital Mauritius Overseas Investments (Till 15 December 2017)
General Electric Company, USA (Till 15 December 2017)

iii. Entity holding substantial interest in voting power of the Company
CA Rover Holdings (from 15 December 2017)

iv. Fellow subsidiaries and entities

State Bank of Bikaner & Jaipur (Merged with State Bank of India w.e.f. 1 April 2017)
State Bank of Hyderabad (Merged with State Bank of India w.e.f. 1 April 2017)
State Bank of Mysore (Merged with State Bank of India w.e.f. 1 April 2017)
State Bank of Patiala (Merged with State Bank of India w.e.f. 1 April 2017)
State Bank of Travancore (Merged with State Bank of India w.e.f. 1 April 2017)
SBI Capital Markets Ltd.
SBICAP Securities Ltd.
SBICAP Trustee Company Ltd.
SBICAP Ventures Ltd.
SBICAP (Singapore) Ltd.
SBICAP (UK) Ltd.
SBI DFHI Ltd.
SBI Global Factors Ltd.
SBI Infra Management Solutions Private Limited
SBI Mutual Fund Trustee Company Pvt Ltd.
SBI Payment Services Pvt. Ltd.
SBI Pension Funds Pvt Ltd.
SBI General Insurance Company Ltd.
SBI Life Insurance Company Ltd.
SBI-SG Global Securities Services Pvt. Ltd.
SBI Funds Management Pvt. Ltd.
SBI Funds Management (International) Private Ltd.
Commercial Indo Bank Llc , Moscow
Bank SBI Botswana Limited
SBI Canada Bank
State Bank of India (California)
Epimoney Private Limited
Mazumah Advisors LLP
EPI Ventures Partners LLP
State Bank of India (UK) Limited
CIBL Moscow
State Bank of India Services Limitada (Brazil)
SBI (Mauritius) Ltd.
PT Bank SBI Indonesia
Nepal SBI Bank Ltd.
Nepal SBI Merchant Banking Ltd.
Regional Rural Banks sponsored by SBI
C - Edge Technologies Ltd.
SBI Macquarie Infrastructure Management Pvt. Ltd.
SBI Macquarie Infrastructure Trustee Pvt. Ltd.
Macquarie SBI Infrastructure Management Pte. Ltd.
Macquarie SBI Infrastructure Trustee Ltd.
Oman India Joint Investment Fund - Management Company Pvt. Ltd.
Oman India Joint Investment Fund - Trustee Company Pvt. Ltd.
JIO Payments Bank Ltd.
SBI Foundation (not for Profit Company)
SBI Home Finance Ltd.
Carlyle Asia Partners (from 15 December 2017)
Carlyle India Advisors Private Limited (from 15 December 2017)
Mynd Solutions Private Limited

HLB Offices & Services Private Limited,
HLB Technologies (Mumbai) Pvt. Limited,
Trunil Properties Pvt. Limited,
Miloni Consultants Private Limited
Barkat Properties Private Limited
Electrotherm Renewables Private Limited
Palace Solar Energy Private Limited
Waacox Energy Private Limited
Metropolitian Stock Exchange of India Ltd
Varash Properties Private Limited
Chekam Properties Pvt. Limited
IIFL Wealth Management Limited
Khimji Kunverji & Co LLP
Khimji Kunverji Properties India LLP
Khimji Kunverji Realty Holding LLP
Astute Acres LLP
Acumen Realty LLP
SBI Card employees gratuity fund

v. Entity under common significant influence

Sunil DRU LLC, Delaware, USA (from 15 December 2017)
SBI Business Process Management Services Private Limited(Formerly known as GE Capital Business Process Management Services Private Limited) (till 15 December 2017)
GE India Industrial Private Limited (till 25 October 2017)
Wipro GE Healthcare Private Limited (till 19 May 2017)
Southern Bottlers Private Limited (from 15 December 2017)
Punjab Beverages Private Limited (from 15 December 2017)

vi. Key managerial personnel

Mr. Hardayal Prasad, MD and CEO (from 01 February 2018)
Mr. Vijay Jasuja, CEO (from 01 April 2017 till 14 December 2017), MD and CEO (from 15 December 2017 till 31 January 2018)
Mr. Nalin Negi, CFO (From 01 September 2017)
Mr. Praveen Kumar Singh, CFO (from 1 November 2016 till 31 August 2017)
Mr. Digmanu Gupta, CFO (till 9 September 2016)
Ms. Payal Mittal, Company Secretary
Dr. Tejendra Mohan Bhasin, Director (from 28 June 2019)
Mr. Nilesh Shivji Vikamsey, Director (from 14 August 2019)
Mr. Rajendra Kumar Saraf, Director (from 14 August 2019)
Mr. Dinesh Kumar Khara, Director (from 01 November 2016)
Mr. Rajnish Kumar, Director (from 13 December, 2017)
Mr. SP Singh, Director (from 06 July 2018)
Mr. Sunil Kaul, Director (from 15 December 2017)
Mr. Anil Jaggia, Director (from 18 September 2018 till 29 January 2019)
Mr. Ashwini Kumar Sharma, Director (till 05 August 2019)
Ms. Saraswathy Athmanathan, Director (from 12 September 2016 till 03 August 2019)
Mr. Devinjit Singh, Director (from 15 December 2017 till 04 September 2018)
Mr. Neeraj Vyas, Director (from 31 January 2017 till 30 June 2018)
Mr. Percival Sam Billimoria, Director (till 12 June 2017)
Mr. Ashish Sharma, Director (till 09 August 2017)
Mr. Prashant Kumar, Director (from 21 July 2016 till 19 January 2017)
Mr. Banmali Agrawala, Director (till 25 October 2017)
Mr. Ryan Armand Zanin, Director (till 15 December 2017)
Mr. Vishal Gulati, Director (from 09 August 2017 till 15 December 2017)
Ms. Arundhati Bhattacharya, Director (till 06 October 2017)
Mr. Narasimhachari Krishnamachari, Director (till 21 July 2017)
Mr. V G Kannan, Director (till 30 July 2016)

(Figure in Rupees Millions, unless otherwise stated)

(I) Transactions/balances outstanding with related parties for the Year ended as at 30 September 2019

Particulars a. Transactions during the year	Holding Entity	Joint Venturer	Fellow Subsidiaries	Entity under common significant influence	Entity holding substantial interest in voting power of the Company	Key Managerial Personnel
Advertisement sales promotion (incentives) & Collection	984.81	-	-	-	-	-
Cost allocations received*	15.77	-	-	-	-	-
Bank charges, fees and Commission Paid	7.77	-	0.46	-	-	-
Commission Received	-	-	0.10	-	-	-
Personnel Cost (Managerial remuneration- Salaries & other Allowances)	-	-	-	-	-	19.42
Personnel Cost (Managerial remuneration- Post Employment Benefits)	-	-	-	-	-	1.35
Gratuity fund contribution	-	-	114.90	-	-	-
Interest Income on fixed deposit	6.74	-	-	-	-	-
Finance charges	3,183.28	-	0.95	-	-	-
Borrowings taken	371,172.81	-	1,250.00	-	-	-
Borrowings repaid	361,736.48	-	10.00	-	-	-
Fixed Deposit made	3,671.60	-	-	-	-	-
Fixed deposit matured	3,651.45	-	-	-	-	-
Royalty expenses	145.32	-	-	-	-	-
Loans and Advances given and other adjustments	12.30	-	18.82	-	-	4.04
Insurance Expenses	-	-	7.39	-	-	-
Loans and Advances Repaid	11.00	-	18.33	-	-	4.34
Contribution to Other Fund	2.55	-	-	-	-	-

Particulars	Holding Company	Joint Venturer	Fellow Subsidiaries	Entity under common significant influence	Entity holding substantial interest in voting power of the Company	Key Managerial Personnel
b. Balances Outstanding at Year End						
Trade Payables and Other liabilities	196.72	-	5.01	-	-	-
Trade receivables	4.38	-	-	-	-	-
Borrowings	97,666.01	-	550.00	-	-	-
Interest Payable	322.99	-	-	-	-	-
Cash and Bank Balances**	2,583.98	-	-	-	-	-
Loans and Advances***	2.28	-	2.78	-	-	0.48
Fixed deposit	33.17	-	-	-	-	-
Other Recoverable	-	-	7.39	-	-	-
Contribution to other fund	0.63	-	-	-	-	-
Interest Accrued	1.25	-	-	-	-	-

* The amounts are included/ adjusted in the respective expense line items of operating and other expenses.
** These amounts represent cash & bank balance, book overdraft, funds in transit & earmarked balances as at 30 September 2019.
*** These amounts represent year-end balances outstanding as at 30 September 2019 on credit cards issued.

(Figure in Rupees Millions, unless otherwise stated)

(II) Transactions/balances outstanding with related parties for the Year ended as at 30 September 2018

Particulars a. Transactions during the year	Holding Entity	Joint Venturer	Fellow Subsidiaries	Entity under common significant influence	Entity holding substantial interest in voting power of the Company	Key Managerial Personnel
Advertisement, sales promotion (incentives) & Collection	976.21	-	-	-	-	-
Services rendered	25.21	-	-	-	-	-
Cost allocations received*	26.37	-	0.38	-	-	-
Right issue shares	3,478.00	-	-	-	1,222.00	-
Bank charges, fees and Commission Paid	7.40	-	1.40	-	-	-
	-	-	-	-	-	-
Commission Received	-	-	0.14	-	-	-
	-	-	-	-	-	-
Personnel Cost (Managerial remuneration- Salaries & other Allowances)	-	-	-	-	-	16.88
Personnel Cost (Managerial remuneration- Post Employment Benefits)	-	-	-	-	-	3.24
Gratuity fund contribution	-	-	64.60	-	-	-
Interest Income on fixed deposit	2.95	-	-	-	-	-
Finance charges	2,679.99	-	0.95	-	-	-
Borrowings taken	273,963.26	-	-	-	-	-
Borrowings repaid	259,935.15	-	-	-	-	-
Income on investments	-	-	0.18	-	-	-
Investments purchased	-	-	950.00	-	-	-
Investments sold	-	-	950.00	-	-	-
Fixed Deposit made	60.35	-	-	-	-	-
Fixed deposit matured	85.70	-	-	-	-	-
Royalty expenses	73.98	-	-	-	-	-
Loans and Advances given and other adjustments	12.23	-	16.08	-	-	2.31
Insurance Expenses	-	-	1.10	-	-	-
Loans and Advances Repaid	12.69	-	14.70	-	-	2.55

Particulars	Holding Company	Joint Venturer	Fellow Subsidiaries	Entity under common significant influence	Entity holding substantial interest in voting power of the Company	Key Managerial Personnel
b. Balances Outstanding at Year End						
Trade Payables and Other liabilities	104.95	-	1.01	-	-	-
Trade receivables	8.86	-	-	-	-	-
Borrowings	104,174.76	-	60.00	-	-	-
Interest Payable	322.23	-	-	-	-	-
Cash and Bank Balances**	4,356.19	-	-	-	-	-
Loans and Advances***	1.60	-	3.01	-	-	0.11
Fixed deposit	83.14	-	-	-	-	-
Contribution to Other Fund	0.23	-	-	-	-	-
Interest Accrued	2.46	-	-	-	-	-

(Figure in Rupees Millions, unless otherwise stated)

* The amounts are included/ adjusted in the respective expense line items of operating and other expenses.
** These amounts represent cash & bank balance, book overdraft, funds in transit & earmarked balances as at 30 September 2018.
*** These amounts represent year-end balances outstanding as at 30 September 2018. on credit cards issued.

(III) Transactions/balances outstanding with related parties for the Year ended/as at March 31, 2019

Particulars **a. Transactions during the year**	Holding Entity	Joint Venturer	Fellow Subsidiaries	Entity under common significant influence	Entity holding substantial interest in voting power of the Company	Key Managerial Personnel
Advertisement and sales promotion (incentives)	1,880.87	-	-	-	-	-
Services rendered	28.02	-	-	-	-	-
Cost allocations received*	47.98	-	0.98	-	-	-
Right issue shares	3,478.00	-	-	-	1,222.00	-
Bank charges, fees and Commission Paid	15.38	-	1.90	-	-	-
Commission Received	-	-	0.30	-	-	-
Personnel Cost (Managerial remuneration- Salaries & other Allowances)	-	-	-	-	-	40.77
Personnel Cost (Managerial remuneration- Post Employment Benefits)	-	-	-	-	-	4.80
Gratuity fund contribution	-	-	214.06	-	-	-
Interest Income on fixed deposit	5.46	-	-	-	-	-
Finance charges	6,453.02	-	5.88	-	-	-
Borrowings taken	501,140.58	-	-	-	-	-
Fixed asset insurance	-	-	0.16	-	-	-
Borrowings repaid	502,114.85	-	50.00	-	-	-
Income on investments	-	-	0.59	-	-	-
Investments purchased	-	-	1,950.00	-	-	-
Investments sold	-	-	1,950.00	-	-	-
CSR Contribution	-	-	7.50	-	-	-
Dividend Declared	619.54	-	-	-	217.68	-
Fixed Deposit made	120.35	-	-	-	-	-
Fixed deposit matured	205.70	-	-	-	-	-
Royalty expenses	157.78	-	-	-	-	-
Loans and Advances given and other adjustments	21.83	-	34.14	-	-	5.67
Employee Insurance	-	-	6.75	-	-	-
Loans and Advances Repaid	22.94	-	33.66	-	-	5.67
Contribution to Other Fund	4.01	-	-	-	-	-

(Figure in Rupees Millions, unless otherwise stated)

Particulars	Holding Company	Joint Venturer	Fellow Subsidiaries	Entity under common significant influence	Entity holding substantial interest in voting power of the Company	Key Managerial Personnel
b. Balances Outstanding at Year End						
Trade Payables and Other liabilities	237.58	-	0.54	-	-	-
Trade receivables	9.58	-	-	-	-	-
Dividend Payable	619.54	-	-	-	217.68	-
Borrowings	87,475.52	-	260.00	-	-	-
Interest Payable	0.86	-	-	-	-	-
Cash and Bank Balances**	437.82	-	-	-	-	-
Loans and Advances***	0.98	-	5.95	-	-	0.04
Fixed deposit	23.14	-	-	-	-	-
Investments	-	-	0.01	-	-	-
Contribution to Other Fund	0.43	-	-	-	-	-
Interest Accrued	0.81	-	-	-	-	-

All transactions with the related parties are at Arm’s length.
* The amounts are included/ adjusted in the respective expense line items of operating and other expenses.
** These amounts represent cash & bank balance, book overdraft, funds in transit & earmarked balances as at March 31, 2019.
*** These amounts represent year-end balances outstanding as at March 31, 2019 on credit cards issued.

(Figure in Rupees Millions, unless otherwise stated)

(IV) Transactions/balances outstanding with related parties for the Year ended as at March 31, 2018

Particulars **a. Transactions during the year**	**Holding Entity**	**Joint Venturer**	**Fellow Subsidiaries**	**Entity under common significant influence**	**Entity holding substantial interest in voting power of the Company**	**Key Managerial Personnel**
			-	-		
Advertisement and sales promotion (incentives)	1,296.35	-	-	-	-	-
Cost allocations received*	34.74	0.27	1.11	63.89	-	-
Services rendered	16.47	-	-	-	-	-
Processing charges paid	-	-	-	4,416.37	-	-
Cost allocations made*	-	-	-	9.52	-	-
Bank charges, fees and Commission Paid	39.02	-	14.07	-	-	-
Commission Received	-	-	0.04	-	-	-
Personnel Cost (Managerial remuneration- Salaries & other Allowances)	-	-	-	-	-	21.25
Personnel Cost (Managerial remuneration - Other benefits)	-	-	-	-	-	0.89
Gratuity fund contribution	-	-	3.04	-	-	-
Interest Income on fixed deposit	1.87	-	-	-	-	-
Finance charges	4,473.50	-	-	-	-	-
Borrowings taken	487,643.56	-	-	-	-	-
Borrowings repaid	471,721.69	-	-	-	-	-
Income on investments	-	-	0.74	-	-	-
Investments purchased	-	-	1,900.00	-	-	-
Fixed asset insurance	-	-	0.09	-	-	-
Investments sold	-	-	1,900.00	-	-	-
CSR Contribution	-	-	19.87	-	-	-
Dividend Paid	471.00	314.00	-	-	-	-
Fixed Deposit made	22.59	-	-	-	-	-
Fixed deposit matured	230.00	-	-	-	-	-
Royalty expenses	102.89	-	-	-	-	-
Loans and Advances given and other adjustments	33.18	-	22.95	830.10	-	3.19
Loans and Advances repaid	32.77	-	22.80	831.00	-	3.16
	-	-	-			

Particulars	Holding Company	Joint Venturer	Fellow Subsidiaries	Entity under common significant influence	Entity holding substantial interest in voting power of the Company	Key Managerial Personnel
b. Balances Outstanding at Year End						
Trade Payables and Other liabilities	166.53	-	0.38	-	-	-
Trade receivables	10.61	-	-	-	-	-
Borrowings	90,274.15	-	-	-	-	-
Interest Accrued	134.08	-	-	-	-	-
Cash and Bank Balances**	1,944.94	-	-	-	-	-
Loans and Advances***	2.03	-	1.46	-	-	0.05
Fixed Deposit	108.49	-	-	-	-	-
Investments	-	-	0.01	-	-	-
Other Recoverable	116.37	-	0.01	-	-	-

* The amounts are included/ adjusted in the respective expense line items of operating and other expenses.
** These amounts represent cash & bank balance, book overdraft, funds in transit & earmarked balances as at March 31, 2018.
*** These amounts represent year-end balances outstanding as at March 31, 2018 on credit cards issued.

(Figure in Rupees Millions, unless otherwise stated)

(V) Transactions/balances outstanding with related parties for the Year ended as at March 31, 2017 (Proforma)

Particulars a. Transactions during the year	Holding Entity (Proforma)	Joint Venturer (Proforma)	Fellow Subsidiaries (Proforma)	Entity under common significant influence (Proforma)	Entity holding substantial interest in voting power of the Company (Proforma)	Key Managerial Personnel (Proforma)
Advertisement and sales promotion (incentives)	348.70	-	14.79	-	-	-
Cost allocations received*	33.88	1.16	1.26	85.09	-	-
Processing charges paid	-	-	-	4,620.62	-	-
Cost allocations made*	-	10.31	-	6.26	-	-
Bank charges, fees and Commission Paid	30.61	-	0.51	-	-	-
Commission Received	-	-	0.12	-	-	-
Personnel Cost (Managerial remuneration)	-	-	-	-	-	13.68
Interest Income on fixed deposit	0.06	-	-	-	-	-
Finance charges	4,432.35	-	-	-	-	-
Borrowings taken	341,508.28	-	-	-	-	-
Borrowings repaid	325,572.73	-	-	-	-	-
Income on investments	-	-	0.29	-	-	-
Investments purchased	-	-	1,480.01	-	-	-
Investments sold	-	-	1,480.00	-	-	-
Dividend Paid	471.00	314.00	-	-	-	-
Fixed Deposit made	0.20	-	-	-	-	-
Fixed deposit matured	0.20	-	-	-	-	-
Royalty expenses	78.08	-	-	-	-	-
Loans and Advances given and other adjustments	37.24	-	20.38	1,174.18	-	1.90
Loans and Advances Repaid	39.71	-	20.30	1,155.55	-	1.88

Particulars	Holding Company (Proforma)	Joint Venturer (Proforma)	Fellow Subsidiaries (Proforma)	Entity under common significant influence (Proforma)	Entity holding substantial interest in voting power of the Company (Proforma)	Key Managerial Personnel (Proforma)
b. Balances Outstanding at Year End						
Trade Payables and Other liabilities	145.77	2.61	5.23	489.83	-	-
Dividend Payable	471.00	314.00	-	-	-	-
Borrowings	71,597.54	-	-	-	-	-
Cash and Bank Balances**	1,366.66	-	15.74	-	-	-
Loans and Advances***	1.62	-	1.31	94.92	-	0.08
Other non current assets	0.20	-	-	-	-	-
Investments	-	-	0.01	-	-	-
Other Recoverable	-	-	0.68	-	-	-

* The amounts are included/ adjusted in the respective expense line items of operating and other expenses.
** These amounts represent cash & bank balance, book overdraft, funds in transit & earmarked balances as at March 31, 2017 (Proforma)
*** These amounts represent year-end balances outstanding as at March 31, 2017 on credit cards issued.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

42. Share based payments

a. SBI Card Employee Stock Option Plan 2019 (the Plan):
On February 22, 2019 pursuant to approval by the shareholders in the Extraordinary General Meeting, the Board has been authorized to introduce, offer, issue and provide share-based incentives to eligible employees of the Company under the Plan. The maximum number of shares under the plan shall not exceed 3% of the paid-up share capital of the Company as on date when the Scheme become effective. The Plan shall be administered by the Nomination and Remuneration Committee of the Board working under the powers delegated by the Board. Options granted under the plan shall vest based on the achievement of defined annual performance parameters as determined by the administrator.

Under the plan, two types of employee stock options are granted, performance-based options & goodwill options. Performance based options are granted as on September 17, 2019 and Goodwill options are granted as on September 18, 2019. Performance based options shall vest with the participants in 4 tranches: – 10%, 20%, 30%, 40% at the end of year 1, 2, 3 and 4 of continued service respectively. However, no options shall vest before 3 months from IPO and the vesting of options shall be contingent upon the Participant being employed with the company and few other defined annual performance parameters. The Goodwill Options shall vest upon completion of 12 months from the Grant Date or 180 days after the date of listing of the Shares of the Company, whichever is later.

i) Summary of options granted under plan:

Type of arrangement	September 30, 2019		
	Avg exercise price per share option	Number of options	Vesting Period
Opening balance			
Options Granted during the year			
Goodwill options granted during the year	152.10	1,334,500	1 year
Performance options granted during the year			
Tranche 1	152.10	1,200,920	1 year
Tranche 2	152.10	2,401,840	2 year
Tranche 3	152.10	3,602,760	3 year
Tranche 4	152.10	4,803,680	4 year
Exercised during the year	-	-	-
Forfeited during the year	-	-	-
Expired during the period	-	-	-
Closing balance		**13,343,700**	

No options are exercised during the period ended September 30, 2019.

ii) Share options outstanding at the end of period have following expiry date and exercise prices.

Grant date	Expiry date*	Exercise price	Share options September 30, 2019
Goodwill options- 18 September 2019	17 September 2020	152.1	1,334,500
Tranche 1 - 17 September 2019	16 September 2020	152.1	1,200,920
Tranche 2 - 17 September 2019	16 September 2021	152.1	2,401,840
Tranche 3 - 17 September 2019	16 September 2022	152.1	3,602,760
Tranche 4 - 17 September 2019	16 September 2023	152.1	4,803,680
Total			**13,343,700**
Weighted average remaining contractual life of options outstanding (In years)			2.80

* No options shall vest before 6 months from IPO date.

iii) Fair value at the grant date of options granted during the period ended September 30, 2019

Type of options	Fair value
Goodwill options	49.0
Tranche 1 options	50.5
Tranche 2 options	56.9
Tranche 3 options	64.5
Tranche 4 options	71.2

The fair value of the options is determined on the date of grant using the Black-Scholes option pricing model, with the following assumptions :

Particulars	Goodwill options	Performance based options Tranche 1	Performance based options Tranche 2	Performance based options Tranche 3
Expected dividend yield	0%	0%	0%	0%
years to expiration	3.5	3.5 to 3.9	4.5	5.5
Risk free rates	6.5%	6.5% to 6.6%	6.6%	6.7%
Expected volatility	31.1%	30.9% to 31.1%	30.8%	31.1%

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time which is considered as equivalent to the life to expiration. In the instinct case, the volatility of the Company is computed based on the average volatility of the comparable companies listed on stock exchange.

(Figure in Rupees Millions, unless otherwise stated)

(b) Expense arising from share-based payment transactions

Particulars	September 30, 2019	September 30, 2018
Employee option plan	12.00	-
Total expense	**12.00**	-

b. GE Employee Stock Option Plan 2007 (the Plan):
Certain employees of the Company were entitled to shares of General Electric Company, USA, under an equity-settled share-based compensation plan. Details of these plans are given below.

The General Electric Company, USA, adopted the 2007 Long-term Incentive Plan ("the option plan") under which an initial amount of common stock was reserved for issuance to employees. Options granted under the Option Plan could be stock options, restricted stock units (RSU) or performance stock units (PSU). Incentive stock options can be granted only to employees.

For SBICPSL, effective 15th December 2017, GE Capital Mauritius Overseas Investment sold its 14% stake in the Company to State Bank of India and 26% stake in the Company to CA Rover Holdings (26%) and for SBIBPMSL effective 15th December 2017, GE Real Estate Investment Holdings sold its 34% stake in the Company to State Bank of India and 26% stake in the Company to CA Rover Holdings (26%). Consequently, no amount in relation to share based compensation is payable to GE Capital. Therefore, the stock options ceased to exist in books as on March 31, 2018. Accordingly, the share-based employee compensation cost in Capital Reserve of Rs. 9.43 million is transferred to General Reserve as on March 31, 2018. Additionally, short term provision of Rs. 1.20 million and long-term provision of Rs. 0.46 million stands extinguished and has been written back during the year ended March 31, 2018 to the Profit and Loss account, under the head 'liabilities/ provision written back'.

With respect to the stock options existed till 15th December 2017, as prescribed by the Guidance Note on Accounting for Employee Share–based Payments issued by Institute of Chartered Accountants of India and related interpretations, the Company applied the fair value-based method of accounting to account for stock options and restricted stock units issued by General Electric Company, USA, to the employees of the Company. The fair market value of such instruments is recognised as an expense over the period in which the related services are received. Accordingly, fair value of the stock options and restricted stock units is amortised on a straight-line basis over the vesting period of the stock options and stock appreciation rights.

The employees' compensation expense for Stock options and RSU's for the year ended March 31, 2019 amounts to Rs. NIL, for the year ended March 31, 2018 Rs. NIL, for the year ended March 31, 2017 (Proforma) Rs. 1.90 million.

The Company has not granted any stock options in the last three years.

The following reconciles the share options outstanding at the beginning and end of the year ended March 31, 2018

Particulars	Stock Options (Numbers)	Weighted average exercise price (USD)	Weighted average remaining contractual life (years)
Balance as at April 01, 2016 (Proforma)	22,040.00	20.17	5.31
Granted during the year	-	-	-
Forfeited during the year	-	-	-
Exercised during the year	2,850.00	18.27	-
Deletion: Transferred to other GE Companies	8,040.00	-	-
Expired during the year	-	-	-
Exercisable at the end of the year	8,650.00	20.83	4.70
Balance as at March 31, 2017 (Proforma)	11,150.00	21.80	5.22
Balance as at April 01, 2017 (Transferee entity)	11,150.00	21.81	5.22
Balance as at December 15, 2017 (Transferor entity)	4,700.00	24.59	6.78
Granted during the year	-	-	-
Forfeited during the year	-	-	-
Exercised during the year	1,000.00	20.22	-
Expired during the year (Transferee entity)	10,150.00		-
Expired during the year (Transferor entity)	4,700.00		
Balance as at March 31, 2018	-		

• As the Guidance Note is applicable for options granted post 1 April 2005, information stated above is only with effect from such date.
• Risk free interest rates reflect the yield on zero-coupon U.S. Treasury securities. Expected dividend yields presume a set dividend rate. Expected volatilities are based on implied volatilities from traded options and historical volatility of our stock.
• The fair value of each restricted stock unit is the market price of the stock on the date of Grant.

(Figure in Rupees Millions, unless otherwise stated)

43. Leases

As required under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the restated financial information is required to be restated to ensure consistency of presentation, disclosures and the accounting policies for all the periods presented in line with that of the latest financial year/stub period presented.

On March 30, 2019, the Ministry of Corporate Affairs notified Ind AS 116 'Leases'.

Ind AS 116 is effective for accounting periods beginning on or after April 1, 2019. The new standard requires lessees to recognize leases on their balance sheets and use a single accounting model for all leases, with certain exemptions. Basis above requirement, the Company has applied Ind AS 116 w.e.f. April 1, 2019 for the purpose of audited financial statements and April 1, 2016 for the purpose of restated financial statements.
On adoption of Ind AS 116, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases. These liabilities were measured as at April 1, 2016 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 8.5%.

The Company has entered into leases of various offices and equipment. Rental contracts are typically made for fixed periods of 3 to 9 years but may have extension options as described in (II) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Under Ind AS 17, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased asset or, if lower, at the present value of the minimum lease payments.
In the restated financial statements, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
• Fixed payments (including in-substance fixed payments), less any lease incentives receivable where ever applicable.
• Variable lease payment that are based on an index or a rate if applicable.
• Amounts expected to be payable by the lessee under residual value guarantees if applicable.
• The exercise price of a purchase option if the lessee is reasonably certain to exercise that option if applicable, and
• Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:
• the amount of the initial measurement of lease liability.
• any lease payments made at or before the commencement date less any lease incentives received, if applicable; and
• any initial direct costs, if applicable.

The recognised right-of-use assets relate to the following types of assets:

I. Variable lease payments
Estimation uncertainty arising from variable lease payments
Under certain contracts, payments are variable in nature as it depends on number of man hours worked by non-full-time employee in a particular month. Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

II. Extension and termination options
Extension and termination options are included in a number of lease contracts. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

Heads	**As at September 30, 2019**	**As at September 30, 2018**	**As at March 31, 2019**	**As at March 31, 2018**	**As at March 31, 2017 (Proforma)**
Computer server	946.06	494.03	664.12	476.12	-
Building	843.34	1,057.61	978.73	1,083.07	221.92
Total right-of-use assets	**1,789.40**	**1,551.63**	**1,642.85**	**1,559.18**	**221.92**

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Contractual maturities of lease liabilities on as undiscounted basis are as given below:

Particulars	**As at September 30, 2019**	**As at September 30, 2018**	**As at March 31, 2019**	**As at March 31, 2018**	**As at March 31, 2017 (Proforma)**
Not later than one year	612.17	482.00	544.07	449.32	57.35
Later than one year and not later than five years	1,640.15	1,426.17	1,539.60	1,452.89	190.91
Later than five years	16.47	90.67	25.18	177.14	65.45
Total minimum lease payments	**2,268.79**	**1,998.84**	**2,108.85**	**2,079.34**	**313.71**

44. Employee benefits

Defined contribution plans

The Company makes following contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Provident Fund	85.11	73.05	146.17	69.82	34.70
Employee State Insurance Corporation (ESIC)	4.16	8.42	12.90	4.29	0.00
Contribution to National Pension Scheme	3.35	-	4.01	-	-
Labour Welfare Fund	0.54	0.27	0.55	0.21	0.06
Total	**93.17**	**81.74**	**163.63**	**74.32**	**34.76**

Defined benefit plans

Gratuity

The Company has a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme of gratuity is unfunded.

The principal assumptions used for the purposes of the actuarial valuations were as follows :

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Discount rate	7.10%	8.15% - 8.35%	7.60 % - 7.65%	7.00% - 7.65%	7.00%
Future Salary Increase/Salary escalation	10.00%	10.00%	10.00%	10.50%	10.50%
Retirement Age (years)	60 Years	60 Years	60 Years	60 Years	60 Years
Mortality Tables*	2012-14	2006-08	2012-14	2006-08	2006-08
Employee turnover					
From 21 to 30 years	27.00%	27.00%	10% - 27%	11% - 34%	11%
From 31 to 40 years	11.00%	11.00%	11% - 14%		
From 41 to 50 years	9.00%	6.00%	6% - 15%		
From 51 to 59 years	0.00%	0.00%	0.00%		

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion & Other relevant factors, such as supply & demand in the employment market.

* Based on India's standard mortality table with modification to reflect expected changes in mortality/ others.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan. The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

Statement of profit and loss

Net employee benefits expense recognized in the employee cost:

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Current service cost	32.17	23.77	47.55	22.07	10.06
Past service cost	-	-	-	-	-
Administration expenses	-	-	-	-	-
Interest on net defined benefit liability / (asset)	0.77	4.97	9.95	2.49	(0.12)
(Gains) / losses on settlement	-	-	-	-	-
Components of defined benefit costs recognised in profit or loss	32.94	28.75	57.50	24.56	9.94
Remeasurement on the net defined benefit liability:					
Changes in financial assumptions	19.99	(63.35)	(43.00)	(8.58)	3.96
Changes in demographic assumptions	-	76.39	79.94	6.40	8.59
Experience adjustments	22.74	20.81	18.82	27.06	9.97
Return on plan assets (excluding amounts included in net interest ex	0.32	(0.11)	(5.54)	2.68	(0.47)
Adjustments for restrictions on the defined benefit asset	-	-	-	-	-
Components of defined benefit costs recognised in other comprehensive income	43.04	33.74	50.22	27.56	22.05
Total	**75.98**	**62.49**	**107.71**	**52.12**	**31.99**

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the consolidated statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows;

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Present value of funded defined benefit obligation	494.68	372.33	417.45	316.14	91.86
Fair value of plan assets	(488.38)	(309.84)	(372.23)	(164.57)	(59.87)
Net funded obligation status	6.30	62.49	45.22	151.57	31.99
Restrictions on asset recognised	-	-	-	-	-
Net liability arising from defined benefit obligation	**6.30**	**62.49**	**45.22**	**151.57**	**31.99**

Movements in the present value of the defined benefit obligation are as follows

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Opening defined benefit obligation*	417.45	316.14	316.14	236.83	60.07
Current service cost	32.17	23.77	47.55	36.13	10.06
Past service cost	-	-	-	-	-
Interest cost	15.12	10.20	20.39	14.10	4.09
Remeasurement (gains)/losses due to:	-	-	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	19.99	(63.35)	(43.00)	(9.70)	3.96
Actuarial gains and losses arising from changes in demographic assumptions	-	76.39	79.94	8.36	8.59
Actuarial gains and losses arising from experience adjustments	22.74	20.81	18.82	42.87	9.97
Benefits paid	(12.79)	(11.63)	(22.39)	(12.46)	(4.88)
Liabilities assumed/(settled)*	-	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-	-
Liabilities assumed in a business combination	-	-	-	-	-
Exchange differences on foreign plans	-	-	-	-	-
Closing defined benefit obligation	**494.68**	**372.33**	**417.45**	**316.14**	**91.86**

Sensitivity Analysis:
Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the change in defined benefit obligation and impact in percentage terms compared with the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Discount Rate					
Impact of increase 50 bps on Defined benefit obligation	-5.01%	-4.44%	-3.71%	-4.20%	-3.62%
Impact of Decrease 50 bps on Defined benefit obligation	5.44%	4.80%	3.97%	4.50%	3.85%
Salary Escalation rate					
Impact of increase 50 bps on Defined benefit obligation	5.27%	4.70%	3.87%	4.36%	3.71%
Impact of Decrease 50 bps on Defined benefit obligation	-4.90%	-4.39%	-3.65%	-4.11%	-3.52%

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

Projected plan cash flow:

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

Maturity Profile	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Expected Benefits for 1 year	40.87	36.68	39.21	71.63	9.99
Expected Benefits for 2 year	40.29	36.37	37.85	58.21	9.93
Expected Benefits for 3 year	39.91	35.22	36.74	47.41	10.09
Expected Benefits for 4 year	38.03	33.73	34.67	38.74	9.95
Expected Benefits for 5year	36.37	30.98	32.58	31.60	9.61
Expected Benefits for 6 year	35.28	28.71	31.99	25.98	9.12
Expected Benefits for 7 year	33.60	28.58	27.79	22.37	8.66
Expected Benefits for 8 year	37.25	25.82	33.23	18.70	8.22
Expected Benefits for 9 year	36.58	29.40	23.70	18.47	7.80
Expected Benefits for 10 year and Above	901.53	776.17	821.02	194.22	90.42
weighted average duration to the payment of these cash flows (in Years)	**10.44**	**9.22**	**7.68**	**8.69**	**7.46**

Compensated absences
An actuarial valuation of compensated absences has been carried out by an independent actuary on the basis of the following assumption:
The principal assumptions used for the purposes of the actuarial valuations were as follows :

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Discount rate	7.10%	8.15% - 8.35%	7.60% - 7.65%	7.65%	7.00%
Future Salary Increase/Salary escalation	10.00%	10.00%	10.00%	10.50%	10.50%
Retirement Age (years)	60 Years	60 Years	60 Years	60 Years	60 Years
Mortality Tables*	2012-14	2006-08	2012-14	2006-08	2006-08
Employee turnover					
From 21 to 30 years	27.00%	27.00%	10% - 27%	11% - 34%	11%
From 31 to 40 years	11.00%	11.00%	11% - 14%		
From 41 to 50 years	9.00%	6.00%	6% - 15%		
From 51 to 59 years	0.00%	0.00%	0.00%		

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion & Other relevant factors, such as supply & demand in the employment market.

* Based on India's standard mortality table with modification to reflect expected changes in mortality/ others.

Defined Benefit Obligation of compensated absence in respect of the employees of the Company are as follows:

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Defined benefit obligation	156.13	138.04	133.07	103.70	34.72
Closing defined benefit obligation	**156.13**	**138.04**	**133.07**	**103.70**	**34.72**

Long service award

An actuarial valuation for Long Service Awards to employee has been carried out by an independent actuary on the basis of the following assumption:

The principal assumptions used for the purposes of the actuarial valuations were as follows :

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Discount rate	7.10%	8.15% - 8.35%	7.60% - 7.65%	7.65%	7.00%
Increase in Cost of Award	0.00%	0.00%	0.00%	0.00%	0.00%
Retirement Age (years)	60 Years	60 Years	60 Years	60 Years	60 Years
Mortality Tables*	2012-14	2006-08	2012-14	2006-08	2006-08
Employee turnover	0.00%	0.00%			
From 21 to 30 years	27.00%	27.00%	10% - 27%		
From 31 to 40 years	11.00%	11.00%	11% - 14%	11% - 34%	11%
From 41 to 50 years	9.00%	6.00%	6 % - 15%		
From 51 to 59 years	0.00%	0.00%	0.00%		

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion & Other relevant factors, such as supply & demand in the employment market.

* Based on India's standard mortality table with modification to reflect expected changes in mortality/ others.

Defined Benefit Obligation of long service awards in respect of the employees of the Company are as follows:

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017 (Proforma)
Defined benefit obligation	69.23	82.59	93.62	39.59	8.44
Closing defined benefit obligation	**69.23**	**82.59**	**93.62**	**39.59**	**8.44**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

45. Contingent liabilities

Particulars	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Claims against the Company not acknowledged as debt					
(a) Demand notices from Service tax department	383.74	360.49	375.10	361.43	251.90
(b) Claims against the company in the ordinary course of business	167.31	98.72	119.81	102.27	54.19
(c) Guarantees	62.70	52.70	52.70	2.70	0.20
(d) Demand notice from Income tax department	7.27	7.27	7.27	7.27	-
(e) Contribution notice from ESIC	32.74	-	32.74	-	-
Total	**653.76**	**519.18**	**587.62**	**473.67**	**306.29**
Pre-deposit against claims	14.05	5.29	5.04	5.62	1.23

Based on Demand notices received from Tax Authorities, the Company is contingently liable for amount stated above. The Company has challenged these demands of the tax authorities. While the ultimate outcome of the above-mentioned appeals cannot be ascertained at this time, based on current knowledge of the applicable law, Management believes that these law suits should not have a material adverse effect on the Company's financial statements or business operations. Accordingly, no provision has been made in the books of account.

Certain show cause notices relating to indirect taxes matters amounting to Rs. 47.17 million (previous period Rs. 4.53 million) and interest as applicable, have neither been acknowledged as claims nor acknowledged as contingent liabilities. Based on internal assessment and discussion with tax advisors, the Company is of the view that the possibility of any of these tax show cause notices materializing is remote.

In respect of Assessment year 2012-13, Assessing Officer has raised a demand of Rs. 51.13 million vide a final order dated 17 November 2016 against which the Company acknowledge contingent liability of Rs. 7.27 million. The Company has filed an appeal before Income Tax Appellate Tribunal (ITAT) against this order. This demand has been adjusted against advance tax deposited/ TDS deducted. Based on internal assessment and discussion with tax advisors, the Company is of the view that the possibility of the said tax demand materializing is remote.

In pursuance to the order dated October 31, 2019 passed under Section 92CA(3) of the Income tax Act, 1961, the Transfer Pricing Officer (TPO) has proposed certain adjustments to the income of company for F.Y. 2015-16. Based on this order, Income Tax Assessing Officer will issue a draft order and subsequently the final assessment order. Since the final order has not been received as yet, the final demand amount is not ascertainable for the time being. The Company feels that is has a strong case to defend and is confident of winning the matter ultimately.

46. Segment Information

The Segment reporting disclosed by the Company in this section is presented in accordance with the disclosure's requirements of Ind AS 108 "Operating Segment".

Definition of the operating segments of the Company is based on the identification of the various activities performed which generate revenues and expenses, while also taking into consideration the organizational structure approved by the Board of Directors for business management purposes. Based on these segments, management analyses the main operating and financial metrics for the purpose of taking resource allocation decisions and assessing the Company's performance. The Company has not aggregated any operating segments for presentation purposes.

There is only reportable segment ("Credit cards") an envisaged by Ind AS 108 Segment reporting, specified under section 133 of the Companies act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014. Further, the economic environment is which the Company operates is significantly similar and not subject to materially different risk and rewards.

Accordingly, as the Company operates in a single business and geographical segment, the reporting requirement for primary and secondary disclosures prescribed by Ind as 108 are not required to be given.

47. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounted to Rs. 39.10 million as at September 30, 2019, Rs. 56.59 million as at September 30, 2018, Rs. 210.21 million as at March 31, 2019, Rs. 122.27 million as at March 31, 2018, NIL as at March 31, 2017.

48. In respect of accounts receivables, the Company is regularly generating and dispatching customer statements on periodic interval wherever transactions or outstanding are there. In case of disputes with regard to billing, there is a process of resolution and adjustments are carried out on regular basis. Moreover, in respect of accounts payable, the Company has a process of receiving regular balance confirmation from its vendors. The balances are reconciled with the balance confirmation received and discrepancies, if any are accounted on regular basis. For the year end balances of Account Receivables, Account Payables and Loans & Advances, the management is of the opinion that adjustments, if any required through the above-mentioned process, will not have any material impact on the financials of the Company.

49. The Company has deposited GST on Interchange Income for the period April 2018 to December 2018 considering them as intra-state supplies. However, post receiving bank wise details of such Interchange Income from network partners, such supplies are held as Inter-state transaction for which IGST is applicable and corresponding amount of Rs. 1084.1 million has been paid. Consequently, company has filed a refund claim under Section 77 of the CGST Act of Rs. 1084.1 million. However, the said refund is subject to interpretation of law in view of the above, the Company has provided for 100% provision against the refund claim to mitigate the uncertainty risk.

50. The Company has been depositing GST on Interchange received by it in respect of VISA International transactions. However, in February 2019, Company has received a declaration from VISA that Settlement of International Interchange is being done in INR as per approval of RBI obtained by VISA in 1995. Basis the said declaration, the Company has obtained opinion from legal firm confirming that the same can be treated as receipt of consideration in convertible foreign exchange and consequently as export of service and therefore not chargeable to GST. Company has accordingly decided to stop paying GST on International Interchange henceforth and has decided to file a refund application for Rs.110.6 million for the GST paid from July 2017 to February 2019 with GST authorities.

The said refund is subject to interpretation of law for which there is no precedence in the form of judgements/ departmental clarifications. In view of the above, the Company has provided for 100% provision against the refund claim to mitigate the uncertainty risk.

During this period, the Company has withdrawn refund application for Rs. 65.4 million for the period April 2018- Feb 2019 and have adjusted this amount from tax payable of the subsequent period basis opinion from legal firm and accordingly provision to the extent of Rs. 65.4 million has been reduced.

(Figure in Rupees Millions, unless otherwise stated)

51. Scheme of Amalgamation

The Company amalgamated SBI Business Process Management Services Private Limited (SBIBPMSL) effective April 1, 2018 in line with the Order passed by the Hon'ble National Company Law Tribunal ("NCLT"), dated June 4, 2019. SBIBPMSL was predominantly acting as a captive unit handling business processes of the Company. Upon amalgamation the entire business, including all assets and liabilities of SBIBPMSL stand transferred to and vested in SBI Cards and Payment Services Limited (SBICPSL). Subsequently, 95,112,054 equity shares of Rs 10 each aggregating to Rs 951,120,540 has been allotted to the shareholders of erstwhile SBIBPMSL as on July 22, 2019 in the agreed share exchange ratio (i.e. for every 100 fully paid up equity share of Rs 10 each held in transferor company, the shareholders of transferor company were entitled to receive 403 fully paid up equity shares of Rs 10 each of the transferee company).

The Company had filed a joint petition seeking to amalgamate "SBI Business Process Management Services Private Limited" ("SBIBPMSL") with "SBI Cards and Payment Services Private Limited" ("SBICPSL"), the back end entity engaged in the business of inter alia rendering credit card processing and business process management services to the transferee company (SBICPSL) with the Hon'ble National Company Law Tribunal ("NCLT"), New Delhi which has been approved with effect from 1st April 2018 whereby SBICPSL is the surviving entity post-amalgamation.

The scheme of amalgamation for business combination under pooling of interest method, became effective from appointed date (April 1, 2018) vide NCLT order dated June 4, 2019. Upon the Scheme becoming effective, the Transferor Company, together with all its properties investments, assets, rights, benefits and interests, transferred to and vested in and be deemed to have been transferred to and vested in and managed by the Transferee Company, as a going concern, without any further instrument or deed or act, subject to the provisions of this Scheme and in accordance with Sections 230 to 232 of Companies Act, 2013 and all other applicable provisions of the Act, Section 2(1B) of the Income Tax Act, 1961 and other applicable laws, by virtue of and in the manner provided in this Scheme.

The Transferee Company, upon the Scheme becoming operative, record the assets and liabilities of the Transferor Company vested in it pursuant to this Scheme in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the 2013 Act.

The assets and liabilities of the combining entities are reflected at their carrying amounts.
No adjustments are made to reflect fair values or recognise any new assets or liabilities. The only adjustments were made to harmonize accounting policies.

The financial information in the financial statements in respect of prior period were restated as if business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of combination to be in line with the Ind AS 103 guidelines. However, where the business combination had occurred after that date, the prior period information is restated only from that date. Transferor and Transferee entities came under common control upon increase of stake by parent entity SBI from 40% to 74% in transferor entity w.e.f 15th Dec'17, therefore, prior periods have been restated in accordance with guidance in Ind AS 103 with effect from the date when common control was established.

Details of assets and liabilities acquired on amalgamation and treatment of the difference between the net assets acquired and cost of investment by the Transferee Company in the Transferor Companies together with the shares issued to the minority shareholders is given in the table below:

Particulars	As at December 15, 2017 *
Value of assets and liabilities acquired from Transferor Company:	
ASSETS	
(a) Property, plant and equipment	841.43
(b) Capital work in progress	90.93
(c) Other intangible assets	373.17
(d) Intangible assets under development	153.28
(e) Financial Assets	-
(i) Trade receivables	783.40
(ii) Cash and cash equivalents	478.58
(iii) Bank balances other than (ii) above	1,155.47
(iv) Others	706.36
(f) Deferred tax assets (Net)	97.68
(g) Other assets (current & non-current)	480.09
(h) Current Tax assets	
Total (A)	5,160.39
EQUITY AND LIABILITIES	
(a) Other Equity	2,813.05
(b) Financial Liabilities	
(i) Trade payables	1,048.76
(ii) Borrowings	399.06
(ii) Others	154.53
(c) Other liabilities (current & non-current)	261.87
(d) Provisions	240.75
(e) Current Tax liabilities	6.36
Total (B)	4,924.38
Net assets acquired from Transferor Company (A-B)	236.01
Purchase consideration payable to Transferor Company #	951.12
Considered as capital reserve (As per Para 5.1.2 (d) of scheme)	(715.11)
* Date of establishment of common control	

(Figure in Rupees Millions, unless otherwise stated)

Accordingly, upon this Scheme becoming effective, the shareholders of the Transferor Company are entitled to receive equity shares of the Transferee Company in accordance with the following share exchange ratio:

For every 100 (One Hundred) fully paid-up equity shares of Rs. 10 each held in the Transferor Company, the shareholders of the Transferor Company shall be entitled to receive 403 (Four Hundred) fully paid-up equity shares ("Exchange Shares") of Rs. 10 each of the Transferee Company ("Share Exchange Ratio").

The Share Exchange Ratio has been determined by the Boards of the Transferor Company and the Transferee Company based on the Valuation Report and their independent judgment and evaluation. The fully paid-up equity shares of the Transferee Company to be issued, free from all encumbrances, to the shareholders of the Transferor Company shall, upon this Scheme becoming effective, rank pari passu in all respects to the existing fully paid-up equity shares of Transferee Company.

The Company recognised following expenses in relation to aforesaid in the statement of Profit and Loss account:

Particulars	**Amount**
Professional & consultancy fees	8.32

In absence of any specific entry in the Indian Stamp Act, 1899 for amalgamation, which is open to interpretation of the stamp collector, the Company would be preferring the adjudication application with the Stamp Collector. Hence it is difficult to provide an estimate of the actual stamp duty that would be leviable on the Company and therefore no provision has been made in the financial statements for the period ended September 30, 2019.

To give effect to the scheme of amalgamation, prior period figures have been restated from the date of common control (December 15, 2017) in conformity with paragraph 9(iii) of Appendix C to Ind AS 103. Accordingly, figures in profit and loss statement for the year ended March 31, 2018 includes figures for the period December 15, 2017 to March 31, 2018 in respect of the transferor entity.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

52. Explanation of transition to Ind AS:

The transition as at April 01, 2017 to Ind AS was carried out from Indian GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First-time adoption of Indian Accounting Standards, the reconciliation of equity and total comprehensive income is explained below.

Exemptions from retrospective application: The Company has applied the following exemption(s):

(a) In accordance with Ind AS transitional provisions, the Company opted to consider previous GAAP carrying value of property, plant and equipment as deemed cost on transition date.

(b) In accordance with Ind AS transitional provisions, the Company opted to determine whether an arrangement existing at the date of transition contains a lease based on facts and circumstances existing at the date of transition rather than at the inception of the arrangement.

(c) In accordance with Ind AS transitional provisions, the Company opted to apply the provisions of day one gain or loss provisions prospectively on transactions occurring on or after the date of transition to Ind AS and has not evaluated historical data.

Reconciliation of equity and comprehensive income as previously reported under Indian GAAP to Ind AS:

Particulars	Note No.	As at March 31, 2018	As at April 01, 2017
Equity as reported under IGAAP		21,404.22	14,508.90
a. Ind AS Adjustments that lead to increase in equity:			
Recognition of borrowings using effective interest rate	1	3.42	9.24
Amortisation of card acquisition cost	2	3,714.44	1,680.30
Business development incentive income	3	668.05	391.70
Fair valuation of derivatives	4	17.39	-
b. Ind AS Adjustments that lead to decrease in equity:			
Recognition of loan processing fee using effective interest rate	5	(305.24)	(234.74)
Impairment of financial assets as per Ind AS 109 (Expected credit loss)	6	(757.77)	(1,856.73)
Deferred tax adjustment	7	(1,156.01)	3.54
Restatement of prior period items	8	(19.79)	-
Equity as reported under Ind AS		**23,568.73**	**14,502.22**

Particulars	As at March 31, 2018
Equity as reported under Ind AS Financial Statements (refer above)	23,568.73
Impact of restatement adjustments	(38.09)
Equity as per Restated Financial Statements	**23,530.64**

Particulars		For the year ended March 31, 2018
Profit as reported under IGAAP		3,846.27
a. Increase (decrease) in net income for:		
Recognition of borrowings using effective interest rate	1	(5.82)
Amortisation of card acquisition cost	2	2,034.14
Business development incentive income (anticipated basis)	3	276.35
Fair valuation of derivatives	4	17.39
Recognition of loan processing fee using effective interest rate	5	(70.50)
Impairment of financial assets as per Ind AS 109 (Expected credit loss)	6	1,098.96
Deferred tax adjustment of GAAP adjustments	7	(1,159.55)
Restatement of prior period items	8	(19.79)
Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS (net of tax)	9	18.02
Total effect of transition to Ind AS		**2,189.20**
Profit for the year as per Ind AS		**6,035.47**
Other comprehensive income (loss) for the period	9	(18.02)
Total comprehensive Income as reported under Ind AS		**6,017.45**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

Reconciliation from Ind AS to Restated Total Comprehensive Income

Particulars		**As at March 31, 2018**
Total comprehensive income as reported under Ind AS Financial Statements (refer above)		6,017.45
Impact of restatement adjustments	10	(24.04)
Total Comprehensive Income as per Restated Financial Statements		**5,993.41**

Notes:
1. Under Ind AS borrowings are measured at effective interest rate as a result of which any upfront fees paid on borrowings is recognized over the usage pattern of the loan. Under older Indian GAAP such upfront fees are charged off when they were payable and interest cost is recognized based on the contractual interest rate.

2. Under Ind AS, the incremental costs of obtaining a contract with a customer are recognized as an asset if the entity expects to recover those costs from future revenue. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Under older Indian GAAP all incremental costs are charged off to statement of profit and loss when incurred.

3. Under Ind AS for contracts with variable considerations, revenue is recognized based on the anticipated revenue in future. Under older Indian GAAP, such income was recognized after fulfilling the conditions associated with such arrangements.

4. As per Ind AS 109, all derivatives are recognized at fair value. Under older Indian GAAP, the Company amortized the premium paid on forward contract as an expense over the life of the contract.

5. Under Ind AS, the initial fee received have been deferred and amortized over the life of the loan using the effective interest rate and to be recorded along with the interest income from loan. Under older Indian GAAP, Company follows the processing fee was recognized as an income at inception of the contract.

6. Under Ind AS the Company recognizes loss allowances on loans (and other financial assets) at an amount equal to the 12-month expected credit loss and a life time expected credit loss for cases where there is a significant increase in credit risk of the borrower. Under older Indian GAAP, Company follows Income Recognition, Asset Classification and Provisioning (IRACP) norms for impairment of loans and advances given to customers.

7. Consequential deferred tax on all the above adjustments are taken into consideration.

8. During the financial year 2017-18, Royalty expenses was understated by Rs. 3.03 million. As this error was made in the financial year ended March 31, 2018, the balances as at March 31, 2018 were adjusted as follows:

Particulars	Impact	Amount
Provision for expenses	Increase	30.26
Provision for taxes	Decrease	10.47
Retained earnings	Decrease	19.79

9. As per Ind AS 19, actuarial gain and losses are recognized in other comprehensive income (net of tax) and not reclassified to profit and loss in a subsequent period.

Impact of restatement adjustments
10. The lease standard i.e., Ind AS 116 has been notified to be effective for audited financial statements w.e.f April 1, 2019 which prescribes the accounting of the lease contracts entered in the capacity of a lessee and a lessor. The Company has applied Ind AS 116 as of April 1, 2019 for preparing the audited Ind AS financial statements for the period beginning from April 1, 2019. For the purpose of preparing restated financial statements, Ind AS 116 has been applied retrospectively w.e.f. April 1, 2016.

Effective April 1, 2016, the Company has recognised lease liability measured at an amount equal to present value of remaining lease payments and corresponding ROU asset is measured at an amount equivalent to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before April 1, 2016.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

Proforma Financial Statements

The Proforma Financial Information of the Company as at and for the year ended March 31, 2017, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 1, 2017) while preparing the proforma financial information for the FY 2016-17 and accordingly suitable restatement adjustments in the accounting heads have been made in the proforma financial information.

This proforma Ind AS financial information has been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2017 as described in this Note. The impact of Ind AS 101 on the equity under Indian GAAP as at April 1, 2016 and March 31, 2017 and the impact on the profit or loss for the year ended March 31, 2017 due to the Ind AS principles applied on proforma basis is explained as under:

Reconciliation of equity, comprehensive income and cash flows as previously reported under Indian GAAP to Ind AS

Particulars	Note No.	As at March 31, 2017 (Proforma)	As at April 01, 2016 (Proforma)
Equity as reported under IGAAP		**14,508.90**	**11,550.39**
a. Ind AS Adjustments that lead to increase in equity:		-	
Recognition of borrowings using effective interest rate	1	9.24	5.35
Amortisation of card acquisition cost	2	1,680.30	1,196.91
Business development incentive income	3	391.70	499.23
b. Ind AS Adjustments that lead to decrease in equity:			-
Recognition of loan processing fee using effective interest rate	4	(234.74)	(182.19)
Impairment of financial assets as per Ind AS 109 (Expected credit loss)	5	(1,856.73)	(1,260.33)
Deferred tax adjustment	6	3.54	(89.64)
Equity as per Proforma Ind AS Financial Statements		**14,502.22**	**11,719.72**

Particulars		As at March 31, 2017 (Proforma)	As at April 01, 2016 (Proforma)
Equity as per Proforma Ind AS Financial Statements		14,502.22	11,719.72
Impact of restatement adjustments	8	(14.04)	(0.15)
Equity as per Restated Financial Statements		**14,488.17**	**11,719.57**

Particulars	Note No.	For the year ended March 31, 2017 (Proforma)
Profit as reported under IGAAP		**3,904.08**
a. Increase (decrease) in net income for:		
Recognition of borrowings using effective interest rate	1	3.89
Amortisation of card acquisition cost	2	483.39
Business development incentive income (anticipated basis)	3	(107.53)
Recognition of loan processing fee using effective interest rate	4	(52.55)
Impairment of financial assets as per Ind AS 109 (Expected credit loss)	5	(596.39)
Deferred tax adjustment of GAAP adjustments	6	93.15
Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS (net of tax)	7	14.42
Total effect of transition to Ind AS		**(161.62)**
Profit for the year as per Ind AS		**3,742.46**
Other comprehensive income (loss) for the year	7	(14.42)
Total comprehensive Income as per Proforma Ind AS Financial Statements		**3,728.04**

Reconciliation from Ind AS to Restated Total Comprehensive Income

Particulars			As at March 31, 2017 (Proforma)
Total comprehensive income as per Ind AS (refer above)			3,728.04
Impact of restatement adjustments	8		(13.86)
Total Comprehensive Income as per Restated Financial Statements		-	**3,714.17**

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure V
Notes forming part of the restated financial statements
(Figure in Rupees Millions, unless otherwise stated)

Notes:
1. Under Ind AS borrowings are measured at effective interest rate as a result of which any upfront fees paid on borrowings is recognized over the usage pattern of the loan. Under older Indian GAAP such upfront fees are charged off when they were payable and interest cost is recognized based on the contractual interest rate.

2. Under Ind AS, the incremental costs of obtaining a contract with a customer are recognized as an asset if the entity expects to recover those costs from future revenue. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Under older Indian GAAP all incremental costs are charged off to statement of profit and loss when incurred.

3. Under Ind AS for contracts with variable considerations, revenue is recognized based on the anticipated revenue in future. Under older Indian GAAP, such income was recognized after fulfilling the conditions associated with such arrangements.

4. Under Ind AS, the initial fee received have been deferred and amortized over the life of the loan using the effective interest rate and to be recorded along with the interest income from loan. Under older Indian GAAP, Company follows the processing fee was recognized as an income at inception of the contract.

5. Under Ind AS the Company recognizes loss allowances on loans (and other financial assets) at an amount equal to the 12-month expected credit loss and a life time expected credit loss for cases where there is a significant increase in credit risk of the borrower. Under older Indian GAAP, Company follows Income Recognition, Asset Classification and Provisioning (IRACP) norms for impairment of loans and advances given to customers.

6. Consequential deferred tax on all the above adjustments are taken into consideration.

7. As per Ind AS 19, actuarial gain and losses are recognized in other comprehensive income (net of tax) and not reclassified to profit and loss in a subsequent period.

Impact of restatement adjustments
8. The lease standard i.e., Ind AS 116 has been notified to be effective for audited financial statements w.e.f April 1, 2019 which prescribes the accounting of the lease contracts entered in the capacity of a lessee and a lessor. The Company has applied Ind AS 116 as of April 1, 2019 for preparing the audited Ind AS financial statements for the period beginning from April 1, 2019. For the purpose of preparing restated financial statements, Ind AS 116 has been applied retrospectively w.e.f. April 1, 2016.

Effective April 1, 2016, the Company has recognised lease liability measured at an amount equal to present value of remaining lease payments and corresponding ROU asset is measured at an amount equivalent to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before April 1, 2016.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure VI
Statement of Adjustments to Audited Financial Statements
(Figure in Rupees Millions, unless otherwise stated)

Summarized below are the restatement adjustments made to the audited financial statements for the half year ended September 30, 2019, half year ended September 30, 2018 and years ended March 31, 2019, 2018 and 2017 and their impact on the profit / (loss) of the company:

Particulars	Note No.	As at September 30, 2019	As at September 30, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Total equity as per audited Ind AS financial statements		43,166.85	32,025.50	35,877.78	23,568.73	14,502.22
Adjustments:						
(i) Audit Qualifications : None		-	-	-	-	-
(ii) Adjustments due to change in lease standard (Ind AS - 116)	I	(90.55)	(77.95)	(93.07)	(58.24)	(21.46)
(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable	II	22.79	27.22	32.52	20.14	7.42
Total impact of Adjustments		**(67.76)**	**(50.72)**	**(60.54)**	**(38.09)**	**(14.04)**
Total equity as per restated financial information		**43,099.08**	**31,974.78**	**35,817.24**	**23,530.64**	**14,488.17**

Particulars	Note No.	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March, 2017 (Proforma)
Total comprehensive income as per Ind AS financial statements		7,277.07	3,756.78	8,618.41	6,017.46	3,728.06
Adjustments:						
(i) Audit Qualifications : None						
(ii) Adjustments due to change in lease standard (Ind AS - 116)	I	2.51	(19.71)	(34.84)	(36.77)	(21.22)
(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable	II	(9.73)	7.08	12.38	12.73	7.34
Total impact of Adjustments		(7.22)	(12.63)	(22.46)	(24.05)	(13.8843)
Net Profit as per Restated Statement of Profit and Loss		**7,269.85**	**3,744.14**	**8,595.94**	**5,993.41**	**3,714.17**

Notes to adjustments:

I) The lease standard i.e., Ind AS 116 has been notified to be effective for audited financial statements w.e.f April 1, 2019 which prescribes the accounting of the lease contracts entered in the capacity of a lessee and a lessor. The Company has applied Ind AS 116 as of April 1, 2019 for preparing the audited Ind AS financial statements for the period beginning from April 1, 2019. For the purpose of preparing restated financial statements, Ind AS 116 has been applied retrospectively w.e.f. April 1, 2016.

Effective April 1, 2016, the Company has recognised lease liability measured at an amount equal to present value of remaining lease payments and corresponding ROU asset is measured at an amount equivalent to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before April 1, 2016.

II) The tax rate applicable for the respective periods/years has been used to calculate the impact on deferred tax asset/liability in respect of material adjustments as at the end of respective periods/years. Accordingly, deferred tax impact on adjustments required in total comprehensive income of the respective periods/years includes impact of change in tax rate.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure VII
Restated Statement of Secured Borrowings
(Figure in Rupees Millions, unless otherwise stated)

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March, 2017 (Proforma)
Current borrowings					
(Refer Annexure V, note 18, 19 and 20)					
(a) From Bank (Related Party)					
Working capital facilities	60,794.74	64,590.56	60,556.84	63,302.55	1,952.79
Foreign currency working capital loans	23,121.27	33,084.20	13,168.68	9,720.06	-
(b) From Bank (other than Related Party)					
Working capital loans	10,998.20	-	8,249.68	-	-
Total	**94,914.22**	**97,674.76**	**81,975.20**	**73,022.61**	**1,952.79**

Particulars	Maturity Date	Terms of Repayment	Interest Rate
Working Capital Loan	Various	Various	7.80% to 8.30%
Cash Credit	Various	Various	7.85% to 8.40%
FCNR-B	Various	Various	7.50% to 8.01%

Nature of security:

Primary Security

i) Pari passu 1st charge on the entire current asset of the company (Present & Future) incl. hypothecation of receivables and Hypothecation of Stock & Receivables.

ii) Pari passu 1st charge on value of long term loans and advances (receivables) of the Company (i.e. long term loans and advances (receivables) due for more than one year (excluding Rs 2500.00 crores being exclusive charged to NCD limit).

Collateral Security

i) Pari passu 1st charge Fixed Assets of the company on (both present & future) except Vehicles financed by other Banks/FIs/leasehold Vehicles.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure VII
Restated Statement of Principal Terms of Secured Borrowings outstanding
(Figure in Rupees Millions, unless otherwise stated)

S.No.	Bank Name	Facility	Rate of Interest % p.a.	Currency	Outstanding As on September 30, 2019	Current Portion	Non Current Portion	Repayment Terms as per loan agreement	Reschedulement/ Pre payment/ Defaults and Penalties	Security as per Loan Agreement
1	State Bank of India	Working Capital Loan	7.80%	INR	7,000.00	7,000.00	-	Payable after 90 days from issue date,due on October 01,2019	No prepayment penalty defined	**PRIMARY SECURITY:** i) Pari passu 1st charge on the entire current asset of the company (Present & Future) incl. hypothecation of receivables and Hypothecation of Stock & Receivables. ii) Pari passu 1st charge on value of long term loans and advances (receivables) of the Company (i.e. long term loans and advances (receivables) due for more than one year (excluding Rs 2500.00 crores being exclusive charged to NCD limit). **COLLATERAL SECURITY:** Pari passu 1st charge Fixed Assets of the company on (both present & future) except Vehicles financed by other Banks/FIs/leasehold Vehicles.
2	State Bank of India	Working Capital Loan	7.80%	INR	13,250.00	13,250.00	-	Payable after 90 days from issue date,due on October 03,2019	No prepayment penalty defined	
3	State Bank of India	Working Capital Loan	7.80%	INR	5,000.00	5,000.00	-	Payable after 90 days from issue date,due on November 28,2019	No prepayment penalty defined	
4	State Bank of India	Working Capital Loan	7.80%	INR	7,750.00	7,750.00	-	Payable after 90 days from issue date,due on December 03,2019	No prepayment penalty defined	
5	State Bank of India	Working Capital Loan	7.80%	INR	10,000.00	10,000.00	-	Payable after 37 days from issue date,due on October 23,2019	No prepayment penalty defined	
6	State Bank of India	Working Capital Loan	7.80%	INR	5,000.00	5,000.00	-	Payable after 63 days from issue date,due on November 22,2019	No prepayment penalty defined	
7	State Bank of India	Working Capital Loan	7.80%	INR	5,000.00	5,000.00	-	Payable after 21 days from issue date,due on October 16,2019	No prepayment penalty defined	
8	State Bank of India	Working Capital Loan	7.80%	INR	6,150.00	6,150.00	-	Payable after 32 days from issue date,due on November 01,2019	No prepayment penalty defined	
9	State Bank of India	Cash Credit	7.85% (1 Year RLLR)	INR	1,644.74	1,644.74	-	Repayable on demand	-	
10	State Bank of India	FCNR-B	8.01% (6M LIBOR+Spread+Hedge)	USD	2,527.47	2,527.47	-	Payable after 178 days from issue date,due on November 29,2019	No prepayment	
11	State Bank of India	FCNR-B	7.63% (6M LIBOR+Spread+Hedge)	USD	8,968.16	8,968.16	-	Payable after 180 days from issue date,due on February 10,2020	No prepayment	
12	State Bank of India	FCNR-B	7.54% (6M LIBOR+Spread+Hedge)	USD	5,935.31	5,935.31	-	Payable after 179 days from issue date,due on February 14,2020	No prepayment	
13	State Bank of India	FCNR-B	7.50% (3M LIBOR+Spread+Hedge)	USD	3,956.98	3,956.98	-	Payable after 90 days from issue date,due on November 19,2019	No prepayment	
14	State Bank of India	FCNR-B	7.72% (3M LIBOR+Spread+Hedge)	USD	1,733.35	1,733.35	-	Payable after 60 days from issue date,due on November 22,2019	No prepayment	
15	Central Bank of India	Working Capital Loan	7.95%	INR	1,500.00	1,500.00	-	Payable after 30 days from issue date,due on October 4,2019	No prepayment penalty defined	
16	Central Bank of India	Working Capital Loan	7.90%	INR	2,000.00	2,000.00	-	Payable after 40 days from issue date,due on November 4,2019	No prepayment penalty defined	
17	Central Bank of India	Cash Credit	8.25% (1 Year MCLR)	INR	(0.45)	(0.45)	-	Repayable on demand	-	
18	Punjab National Bank	Working Capital Loan	8.30%	INR	3,000.00	3,000.00	-	Payable after 273 days from issue date,due on June 26,2020	No prepayment penalty defined	
19	Punjab National Bank	Working Capital Loan	8.30%	INR	2,000.00	2,000.00	-	Payable after 7 days from issue date,due on October 4,2019	No prepayment penalty defined	
20	Punjab National Bank	Cash Credit	8.30% (1 Year MCLR)	INR	(0.95)	(0.95)	-	Repayable on demand	-	
21	Bank of Baroda	Cash Credit	8.40% (1 Year MCLR)	INR	2,499.60	2,499.60	-	Repayable on demand	-	
	Total				**94,914.22**	**94,914.22**	**-**			

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure VIII
Restated Statement of Unsecured Borrowings
(Figure in Rupees Millions, unless otherwise stated)

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March, 2017 (Proforma)
Unsecured non current borrowings: (Refer Annexure V, note 18, 19 and 20)					
Debentures (Debt Securities)	12,344.41	10,097.18	19,594.72	6,098.21	-
Lease liabilities	1,447.82	1,406.35	1,358.29	1,312.63	206.59
Debentures (Subordinated Liablities)	12,463.54	8,982.93	11,468.08	9,480.66	4,989.24
Subtotal (A)	**26,255.78**	**20,486.46**	**32,421.10**	**16,891.51**	**5,195.83**
Current borrowings (Refer Annexure V, note 18, 19 and 20)					
Commercial Papers	43,625.22	1,888.37	21,198.43	23,391.05	75,097.82
Subtotal (B)	**43,625.22**	**1,888.37**	**21,198.43**	**23,391.05**	**75,097.82**
Current portion of Unsecured Non current borrowings					
Debentures (Debt Securities)	8,998.59	-	-	-	-
Lease liabilities	479.65	245.09	410.61	323.31	37.99
Debentures (Subordinated Liablities)	-	999.67	499.91	499.71	399.73
Subtotal (C)	**9,478.24**	**1,244.76**	**910.52**	**823.02**	**437.72**
Total (A+B+C)	**79,359.23**	**23,619.59**	**54,530.05**	**41,105.58**	**80,731.37**

Particulars	Maturity Date	Terms of Repayment	Interest Rate
Commercial Paper	Various	Various	5.75% to 7.95%
Debentures (Debt Securities)	Various	Various	7.55% to 9.5%
Debentures (Subordinated Liablities)	Various	Various	8.10% to 9.65%

Maturity profile of non current borrowings

Particulars	Current (refer Annexure V, note 18, 19 and 20)	Non-Current Year			
		2020-21	2021-22	2022-23	2023 and Beyond
Debentures (Debt Securities)	8,998.59	4,999.92	1,099.75	6,244.75	-
Debentures (Subordinated Liablities)	-	-	999.20	997.93	10,466.42

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure VIII
Restated Statement of Principal Terms of Unsecured Borrowings outstanding
(Figure in Rupees Millions, unless otherwise stated)

S.No.	Lender	Facility	Rate of Interest % p.a.	Currency	Outstanding As on September 30, 2019	Current Portion	Non Current Portion	Repayment Terms as per loan agreement	Reschedulement/ Pre payment/ Defaults and Penalties
1	Central Bank Of India	Commercial Paper	7.94%	INR	2,454.73	2,454.73	-	Payable after 245 days from issue date, due on December 27,2019	Prepayment not allowed
2	ICICI Prudential Savings Fund	Commercial Paper	7.50%	INR	1,451.71	1,451.71	-	Payable after 283 days from issue date, due on March 13,2020	Prepayment not allowed
3	Axis Treasury Advantage Fund	Commercial Paper	7.50%	INR	483.90	483.90	-	Payable after 283 days from issue date, due on March 13,2020	Prepayment not allowed
4	Central Bank Of India	Commercial Paper	7.42%	INR	4,934.85	4,934.85	-	Payable after 182 days from issue date, due on December 06,2019	Prepayment not allowed
5	Central Bank Of India	Commercial Paper	7.95%	INR	2,361.69	2,361.69	-	Payable after 361 days from issue date, due on June 29, 2020	Prepayment not allowed
6	Axis Mutual Fund	Commercial Paper	6.70%	INR	498.63	498.63	-	Payable after 91 days from issue date, due on October 16,2019	Prepayment not allowed
7	Union Bank Of India	Commercial Paper	6.70%	INR	1,994.53	1,994.53	-	Payable after 91 days from issue date, due on October 16,2019	Prepayment not allowed
8	Union Bank Of India	Commercial Paper	7.75%	INR	2,361.21	2,361.21	-	Payable after 354 days from issue date, due on July 06,2020	Prepayment not allowed
9	ICICI Prudential Liquid Fund	Commercial Paper	6.45%	INR	2,991.57	2,991.57	-	Payable after 91 days from issue date, due on October 17,2019	Prepayment not allowed
10	Mirae Asset Cash Management Fund	Commercial Paper	6.45%	INR	498.59	498.59	-	Payable after 91 days from issue date, due on October 17,2019	Prepayment not allowed
11	Satin Creditcare Network Limited	Commercial Paper	6.45%	INR	498.59	498.59	-	Payable after 91 days from issue date, due on October 17,2019	Prepayment not allowed
12	Tata Mutual Fund-Tata Liquid Fund	Commercial Paper	6.45%	INR	4,985.96	4,985.96	-	Payable after 90 days from issue date, due on October 17,2019	Prepayment not allowed
13	Union Bank Of India	Commercial Paper	7.00%	INR	2,459.11	2,459.11	-	Payable after 158 days from issue date, due on December 27,2019	Prepayment not allowed
14	Mirae Asset Hybrid - Equity Fund	Commercial Paper	7.00%	INR	491.82	491.82	-	Payable after 158 days from issue date, due on December 27,2019	Prepayment not allowed
15	Axis Treasury Advantage Fund	Commercial Paper	7.00%	INR	491.82	491.82	-	Payable after 158 days from issue date, due on December 27,2019	Prepayment not allowed
16	Reliance Capital Trustee Co. Ltd A/C Reliance Money Ma	Commercial Paper	6.95%	INR	295.73	295.73	-	Payable after 146 days from issue date, due on December 16,2019	Prepayment not allowed
17	Reliance Capital Trustee Co. Ltd-A/C Reliance Liquid Fu	Commercial Paper	6.95%	INR	1,182.91	1,182.91	-	Payable after 146 days from issue date, due on December 16,2019	Prepayment not allowed
18	HDFC Trustee Company Ltd A/C HDFC Liquid Fund	Commercial Paper	5.95%	INR	1,490.00	1,490.00	-	Payable after 90 days from issue date, due on November 11,2019	Prepayment not allowed
19	HDFC Trustee Company Ltd A/C HDFC Liquid Fund	Commercial Paper	5.95%	INR	994.15	994.15	-	Payable after 90 days from issue date, due on November 06,2019	Prepayment not allowed
20	Mahindra Liquid Fund	Commercial Paper	6.04%	INR	497.03	497.03	-	Payable after 90 days from issue date, due on November 06,2019	Prepayment not allowed
21	Union Liquid Fund	Commercial Paper	6.04%	INR	497.03	497.03	-	Payable after 90 days from issue date, due on November 06,2019	Prepayment not allowed
22	ICICI Prudential Money Market Fund	Commercial Paper	6.59%	INR	2,428.68	2,428.68	-	Payable after 211 days from issue date, due on March 11,2020	Prepayment not allowed
23	Central Bank Of India	Commercial Paper	6.60%	INR	1,457.13	1,457.13	-	Payable after 182 days from issue date, due on March 11,2020	Prepayment not allowed
24	Punjab National Bank	Commercial Paper	7.00%	INR	2,851.86	2,851.86	-	Payable after 273 days from issue date, due on June 26,2020	Prepayment not allowed
25	IDBI Mutual Fund	Commercial Paper	5.75%	INR	990.66	990.66	-	Payable after 60 days from issue date,due on November 29,2019	Prepayment not allowed
26	LIC Mutual Fund	Commercial Paper	5.75%	INR	1,981.31	1,981.31	-	Payable after 60 days from issue date,due on November 29,2019	Prepayment not allowed
	Total (A)				**43,625.22**	**43,625.22**	**-**		
1	Axis Trustee Services Limited (Debenture trustee)	Debentures (Subordinated Liablities)	9.00%	INR	999.20	-	999.20	Payable after 2557 days from issue date,due on November 26,2021	Prepayment not allowed
2	Axis Trustee Services Limited (Debenture trustee)	Debentures (Subordinated Liabilities)	9.65%	INR	997.93	-	997.93	Payable after 2251 days from issue date,due on April 25,2022	Prepayment not allowed
3	Axis Trustee Services Limited (Debenture trustee)	Debentures (Subordinated Liabilities)	8.10%	INR	1,997.60	-	1,997.60	Payable after 2556 days from issue date,due on October 17,2023	Prepayment not allowed
4	Axis Trustee Services Limited (Debenture trustee)	Debentures (Subordinated Liabilities)	8.30%	INR	4,992.14	-	4,992.14	Payable after 2130 days from issue date,due on May 17,2023	Prepayment not allowed
5	Axis Trustee Services Limited (Debenture trustee)	Debentures (Debt Securities)	7.55%	INR	4,999.53	4,999.53	-	Payable after 1094 days from issue date,due on August 07,2020	Prepayment not allowed

(Figure in Rupees Millions, unless otherwise stated)

6	Axis Trustee Services Limited (Debenture trustee)	Debentures (Debt Securities)	8.10%	INR	1,099.75	-	1,099.75	Payable after 1208 days from issue date,due on May 10,2021	Prepayment not allowed
7	Axis Trustee Services Limited (Debenture trustee)	Debentures (Debt Securities)	8.90%	INR	3,999.06	3,999.06	-	Payable after 1280 days from issue date,due on November 18,2021	Original Maturity November 18,2021. Call/Put option exercisable on 18/05/2020
8	Axis Trustee Services Limited (Debenture trustee)	Debentures (Debt Securities)	9.50%	INR	4,999.92	-	4,999.92	Payable after 730 days from issue date,due on October 16,2020	Prepayment not allowed
9	Axis Trustee Services Limited (Debenture trustee)	Debentures (Debt Securities)	9.15%	INR	4,497.54	-	4,497.54	Payable after 1277 days from issue date,due on June 17,2022	Prepayment not allowed
10	Axis Trustee Services Limited (Debenture trustee)	Debentures (Subordinated Liabilities)	9.55%	INR	2,484.05	-	2,484.05	Payable after 3653 days from issue date,due on January 29,2029	Prepayment not allowed
11	Axis Trustee Services Limited (Debenture trustee)	Debentures (Debt Securities)	8.55%	INR	1,747.21	-	1,747.21	Payable after 1187 days from issue date,due on August 12,2022	Prepayment not allowed
12	Axis Trustee Services Limited (Debenture trustee)	Debentures (Subordinated Liabilities)	8.99%	INR	992.63	-	992.63	Payable after 3653 days from issue date,due on June 12,2029	Prepayment not allowed
	Total (B)				**33,806.54**	**8,998.59**	**24,807.96**		
	Total (A+B)				**77,431.76**	**52,623.81**	**24,807.96**		

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure IX
Restated Statement of Capitalisation
(Figure in Rupees Millions, unless otherwise stated)

Particulars	Pre-offer as at September 30, 2019
Non current Borrowings	26,255.77
Current borrowings	148,017.67
Current portion of Secured non current borrowings, included in Other Current Liabilities	-
Debt (A)	**174,273.44**
Shareholder`s fund	
Share capital	9,323.34
Other Equity	33,775.74
Total Shareholders' fund (B)	**43,099.08**
Debt / Equity ratio (A/B)	**4.04**

Notes

a) The above has been computed on the basis of the Restated Financial Statement of asset and liabilities (Annexure I) of the Company as on September 30, 2019.
b) Since, the issue price and number of shares are yet to be finalised, the post-issue capitalisation statement has not been presented.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure X
Restated Statement of Accounting Ratios
(Figure in Rupees Millions, unless otherwise stated)

S.No	Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March, 2017 (Proforma)
1	Restated profit /(Loss) attributable to equity shareholders after tax	7,258.82	3,766.10	8,627.19	6,011.43	3,728.59
2	Profit attributable to equity shareholders - for Basic EPS	7,258.82	3,766.10	8,627.19	6,011.43	3,728.59
3	Profit attributable to equity shareholders - for Diluted EPS	7,258.82	3,766.10	8,627.19	6,011.43	3,728.59
4	Weighted average number of shares outstanding during the period/ year - Basic (in millions)	932.33	897.52	914.93	812.74	785.00
5	Weighted average number of shares outstanding during the period/year - Diluted (in millions)	932.33	897.52	914.93	812.74	785.00
6	Net Worth for Equity Shareholders	43,814.19	32,689.90	36,532.34	24,245.75	14,488.17
7	Earnings before finance cost, depreciation, amortisation, tax and exceptional items (EBITDA)	17,037.82	10,826.19	24,299.10	16,553.49	11,048.47
8	**Accounting Ratios**					
i	Basic EPS (Amount in ₹)	7.79	4.20	9.43	7.40	4.75
ii	Diluted EPS (Amount in ₹)	7.79	4.20	9.43	7.40	4.75
iii	Return on Net Worth for Equity Shareholders (%)	17%	12%	24%	25%	26%
iv	Net asset value per equity share (₹)	46.99	36.42	39.93	29.83	18.46

1. The ratios on the basis of Restated Consolidated financial information have been computed as below:

Basic Earnings per share (₹) = $\frac{\text{Net profit as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Diluted Earnings per share (₹) = $\frac{\text{Net profit as restated, attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$

Return on net worth (%) = $\frac{\text{Net profit after tax as restated}}{\text{Net worth as restated at the end of the year}}$

Net Asset Value (NAV) per equity share (₹) = $\frac{\text{Net worth as restated at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$

2. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

3. Net worth for ratios mentioned in Sr. No. 6 is = Equity share capital + Reserves and surplus (including Retained Earnings, General Reserve, Debenture redemption reserve, Capital redemption reserve, Capital reserve, Statutory reserve, Security premium reserve reduced by the capital reserve created out of amalgamation)+ Other Reserves (Foreign Currency Translation Reserve, Cash Flow Hedge))

4. EBITDA is earnings before interest, tax, depreciation and amortization. It is calculated by taking Net profit after tax and adding back tax expense, finance costs and depreciation and amortization expense.

4. The above ratios have been computed on the basis of the Restated Financial Information- Annexure I & Annexure II.

5. Accounting ratios for the half year ended September 30, 2019 and September 30, 2018 have not been annualised.

SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)
Annexure XI
Restated Statement of Dividend Paid
(Figure in Rupees Millions, unless otherwise stated)

Particulars	For the half year ended September 30, 2019	For the half year ended September 30, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March, 2017 (Proforma)
Dividend on Equity Shares:					
Number of equity shares outstanding	932,334,278	837,222,224	837,222,224	785,000,002	785,000,002
Dividend paid (₹ in millions)	-	-	837.22	-	785.00
Interim Dividend (₹ in millions)	-	-	-	-	-
Dividend Distribution Tax (₹ in millions)	-	-	172.09	-	159.81
Rate of dividend (%)	-	-	10%	-	10%
Dividend per Equity Share	**-**	**-**	**1.00**	**-**	**1.00**

OTHER FINANCIAL INFORMATION

The audited standalone financial statements of our Company as at and for the year ended March 31, 2019, March 31, 2018, and March 31, 2017 ("**Standalone Financial Statements**") are available at https://www.sbicard.com. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Standalone Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Standalone Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the "**Group**") and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor any BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Standalone Financial Statements, or the opinions expressed therein.

For details of accounting ratios, see "***Restated Financial Information – Annexure X: Restated Summary Statement of Accounting Ratios***" on 317.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at September 30, 2019, on the basis of our Restated Financial Statements, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "***Management's Discussion and Analysis of Financial Condition and Results of Operations***", "***Financial Statements***" and "***Risk Factors***" on pages 324, 203 and 28, respectively.

(₹ in million, except ratio)

Particulars	Pre-Offer as at September 30, 2019	As adjusted for the proposed Offer**
Total borrowings	**174,273.44**	[●]
Current borrowings*	148,017.67	[●]
Non-current borrowings (including current maturity)*	26,255.77	[●]
Total equity	**43,099.08**	[●]
Equity share capital*	9,323.34	[●]
Other equity*	33,775.74	[●]
Total Capital	**43,099.08**	[●]
Ratio		
Non-current borrowings / Total equity	0.61	[●]
Total borrowings/ Total equity	4.04	[●]

** These terms shall carry the meaning as per Schedule III of the Companies Act 2013 (as amended).*
*** To be updated upon finalization of the Offer Price.*

FINANCIAL INDEBTEDNESS

Pursuant to a special resolution passed by our shareholders on November 15, 2019, our Board has been authorized to borrow sums of money for the purpose of our Company, in excess of the aggregate of our paid-up share capital and free reserves, not exceeding, at any time, an amount of ₹ 330,000 million.

As on September 30, 2019, we had outstanding borrowings (including secured and unsecured borrowings) of ₹ 172,345.98 million.The details of such borrowings are set forth below:

(*₹ in million*)

Category of Borrowing	Sanctioned amount (as applicable)	Outstanding amount as on September 30, 2019**
A. Secured		
Working capital and cash credit facilities from consortium bankers	164,000	94,914.22
B. Unsecured		
NCDs		
*Listed NCDs**	9,750	9,721.42
Unlisted NCDs	24,100	24,085.12
Total NCDs	**33,850**	**33,806.54**
Commercial Paper**	164,000	43,625.22
Total borrowings (A + B)	361,850	172,345.98

**The NCDs are listed on the wholesale debt market segment of the BSE Limited.*

***CP limits are carved out of working capital lines; Total outstanding against the CP programme and bank lines should not exceed ₹ 164,000 million.*

Key terms of the borrowings availed by our Company

The details provided below are indicative and there may be additional terms, conditions and requirements under our borrowing arrangements, including the consortium agreements and various debenture trust deeds, entered into by us.

a. *Interest rate*: The interest rate for our working capital facilities is typically tied to a base rate/ MCLR/ RLLR as specified by respective lenders with a yearly reset option. The base rate/ MCLR/ RLLR may vary from lender to lender. The interest rate for our loans against FCNR-B is typically tied to LIBOR for the applicable period. With respect to the outstanding NCDs issued by us, the coupon rate for listed NCDs ranges from 8.55% p.a. to 9.55% p.a. and the interest rate for unlisted NCDs ranges from 7.55% p.a. to 9.65% p.a. The discount rate on the commercial papers issued by us ranges from 5.75% p.a. to 7.95% p.a.

b. *Tenor:* The tenor of the working capital facilities is typically 12 months. Further, the redemption period of the NCDs ranges from 24 months to 120 months. The tenor of the commercial papers issued by us ranges from 7 days to 365 days.

c. *Security*: Our working capital facilities are typically secured by:

(i) first *pari passu* charge on entire current assets, present and future, including hypothecation of receivables and stock and receivables of our Company, as primary security;
(ii) first *pari passu* charge on value of long term loans and advances of our Company due for more than one year, as primary security; and
(iii) first *pari passu* charge on fixed assets of the Company, present and future, except vehicles finances by other banks, as collateral security.

d. *Restrictive covenants*: Our Company, under the borrowing arrangements entered into by us require the relevant lender's prior written consent and/or are required to intimate the relevant lender, as applicable, for carrying out certain actions, including:

(i) transfer of the controlling interest;
(ii) drastic change in the management setup including resignation of promoter directors (including key managerial personnel);

(iii) change in capital structure where the shareholding of the existing promoter gets diluted below current level or leads to dilution in controlling stake for any reason;
(iv) repayment of monies brought in by the promoter/ directors/ principal shareholders and their friends and relatives by way of deposits/ loans / advances;
(v) formulation or entering into any scheme of amalgamation, reconstruction, demerger or merger;
(vi) declaration or payment of dividend upon the occurrence of any event of default;
(vii) withdrawal of the moneys brought in by the promoter/ principal shareholders/ directors and certain other persons for financing the working capital needs of our Company;
(viii) changes in the memorandum of association and the articles of association of our Company; and
(ix) enter into borrowing arrangement with any other lender.

This is an indicative list and there may be additional terms under certain borrowing arrangements entered into by our Company. Further, under the terms of our borrowing arrangements we are required to intimate or give notice to our lenders pursuant to certain actions such as any major or significant change in composition of our Board or issue existing shares or create new shares, respectively.

For the purpose of this Offer, our Company has obtained necessary consents from our lenders as required under the relevant loan documentation for undertaking activities such as any drastic change in the management setup of our Company or change in the capital structure where the shareholding of our Promoter gets diluted in the manner prescribed in such loan documentation.

e. *Events of Default:* Our borrowing arrangements typically contain standard events of default, including, among others,

(i) non-payment or default in payment of any amounts due under the loan facilities or default in the payment of interest and/or in the redemption of the debentures under the NCDs;
(ii) breach of any covenants, conditions, representations or warranties;
(iii) cross default under any arrangement for the facilities extended by any other lender;
(iv) initiation of corporate actions or proceedings relating to winding up, dissolution, reorganization or
(v) failure to create and/or perfect the security within the time period specified in the facility agreement; and
(vi) suspension or cessation or threat to cease carrying on the business.

f. *Consequences of events of default*

Upon the occurrence of an event of default under the working capital facilities, our lenders are entitled to, among other things,

(i) terminate the facility;
(ii) suspend further access or withdrawals to the use of the facilities under the borrowing arrangements;
(iii) declaration of all parts of the loan together with accrued interest outstanding as immediately due and payable;
(iv) enforce security interest, and enter upon or taking possession of the assets;
(v) take any legal action for the recovery of the outstanding amounts in accordance with the transaction documents; and
(vi) appoint nominee director on the board of directors of our Company.

Upon the occurrence of an event of default under the terms of our NCDs, the trustee may exercise the following rights,

(i) to appoint a nominee director as per the applicable law on the board of directors of our Company;
(ii) to initiate insolvency proceedings, wherever applicable;
(iii) levy penal interest at the rate of 2% per annum on overdue amounts; and
(iv) levy further interest at such rate as may be prescribed ranging from 7.55% p.a. to 9.65% p.a. over the interest rate for the period of such default

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are the second-largest credit card issuer in India, with a 17.6% and 18.0% market share of the Indian credit card market in terms of the number of credit cards outstanding as of March 31, 2019 and September 30, 2019, respectively, and a 17.1% and 17.9% market share of the Indian credit card market in terms of total credit card spends in fiscal 2019 and in the six months ended September 30, 2019, respectively, according to the RBI. We offer an extensive credit card portfolio to individual cardholders and corporate clients which includes lifestyle, rewards, travel and fuel, shopping, banking partnership cards and corporate cards covering all major cardholder segments in terms of income profiles and lifestyles.

We are a subsidiary of SBI, India's largest commercial bank in terms of deposits, advances and number of branches as of September 30, 2019, according to the RBI. We started our operations in 1998, and since then SBI's parentage and highly trusted brand have allowed us to quickly establish a reputation of trust, reliability and transparency with our cardholders. According to the RBI, we have grown our business faster than the Indian credit card market over the past three years both in terms of numbers of credit cards outstanding and amounts of credit card spends, and we believe we have achieved this by leveraging our strengths and capitalizing on India's favorable economic and demographic changes, including its strong macroeconomic performance, rising affluence, increasing consumer demand, rapid urbanization and the growth of e-commerce platforms. From March 31, 2017 to March 31, 2019 our total credit card spends grew at a 54.2% CAGR (as compared to a 35.6% CAGR for the overall credit card industry, according to the RBI) and the number of our credit cards outstanding grew at a 34.5% CAGR (as compared to a 25.6% CAGR for the overall credit card industry, according to the RBI).

We have a broad credit card portfolio that includes SBI Card-branded credit cards as well as co-branded credit cards that bear both the SBI Card brand and our co-brand partners' brands. We offer four primary SBI Card-branded credit cards: SimplySave, SimplyClick, Prime and Elite, each catering to a varying set of cardholder needs. We are also the largest co-brand credit card issuer in India according to the CRISIL Report, and we have partnerships with several major players in the travel, fuel, fashion, healthcare and mobility industries, including Air India, Apollo Hospitals, BPCL, Etihad Guest, Fbb, IRCTC, OLA Money and Yatra, among others. Our credit cards portfolio is tailored to meet a diverse range of cardholder needs across the entire spectrum of our cardholders' income profiles and lifestyles, from the "premium" cardholder category to the "affluent", "mass affluent", "mass" and "new to credit" categories. We issue our credit cards in partnership with the Visa, MasterCard and RuPay payment networks, and we are continuously looking to expand our payment network partnerships to broaden the reach and functionality of our credit card offerings.

We have a diversified customer acquisition network that enables us to engage prospective customers across multiple channels. We deploy a sales force of 33,086 outsourced sales personnel as of September 30, 2019 operating out of 133 Indian cities and which engages prospective customers through multiple channels, including physical points of sale in bank branches, retail stores, malls, fuel stations, railway stations, airports, corporate parks and offices, as well as through tele-sales, online channels, email, SMS marketing and mobile applications. We are the leading player in open market customer acquisition in India according to the CRISIL Report. We had a presence in 3,009 open market points of sale across India as of September 30, 2019. In addition, our partnership with SBI provides us with access to SBI's extensive network of 22,007 branches across India, which enables us to market our credit cards to SBI's vast customer base of 436.4 million customers as of March 31, 2019. Our extensive physical customer acquisition network is complemented by our digital sales and marketing capabilities which include our website, mobile application and online, email and SMS marketing platforms.

Our business is technology-driven and underpinned by our data analytics capabilities, which cut across all aspects of our operations. Our core technology systems are scalable, modern and sophisticated, with considerable capacity to support our future growth. We possess a large database of cardholder demographic and socio-economic data (such as our cardholders' purchase patterns, behaviors and payment histories) derived from the numerous transactions carried out by millions of cardholders each year, which we analyze to generate underwriting scorecards, proactively mitigate risks, and reduce losses and delinquencies. We also employ our data analytics capabilities to more effectively market our credit cards to potential customers and to develop new product offerings. Our technology systems also leverage artificial intelligence and process automation technologies to automate routine activities, such as customer service and credit analysis, which have enhanced our operating efficiencies. We believe our focus on technology and data analytics is one of our key competitive advantages.

We have a diversified revenue model whereby we generate both non-interest income (primarily comprised of fee-based income such as interchange fees, late fees and annual fees, among others) as well as interest income on our credit card receivables. The share of our revenue from operations that we derive from non-interest income has steadily increased over the past three fiscal years, from 43.6% in fiscal 2017 to 48.9% in fiscal 2019. We believe this has made our capital structure more efficient and provides us with a relatively stable revenue composition that is less susceptible to market fluctuations, such as interest rate volatility.

We have established a proven track record of consistently generating profits over the past three fiscal years. Our total income increased from ₹34,710.38 million in fiscal 2017 to ₹72,868.34 million in fiscal 2019 at a CAGR of 44.9% and our revenues from operations have increased from ₹33,462.03 million in fiscal 2017 to ₹69,991.11 million in fiscal 2019 at a CAGR of 44.6%. Our net profit increased from ₹3,728.59 million in fiscal 2017 to ₹8,627.19 million in fiscal 2019 at a CAGR of 52.1%. Our ROAE has remained stable at 28.5% in fiscal 2017 and 28.4% in fiscal 2019, while our ROAA increased from 4.0% in fiscal 2017 to 4.8% in fiscal 2019.

Factors Affecting our Results of Operations

Macroeconomic Environment in India

Substantially all of our business activities are conducted in India, and the macroeconomic environment in India has affected, and will continue to affect, our results of operations. A favorable macroeconomic environment is generally characterized by, among other factors, high gross domestic product growth; transparent, liquid and efficient capital markets; low inflation; a high level of business and investor confidence; stable political and economic conditions; and strong business earnings. Unfavorable or uncertain economic conditions mainly result from declines in economic growth, business activity or investor confidence; limitations on the availability of capital or increases in the cost of credit and capital; increases in inflation, interest rates, exchange rate volatility, default rates or the price of basic commodities, capital controls or limits on the remittance of dividends; or a combination of these or other factors.

Consumer confidence, unemployment and overall economic growth rates are among the main factors that often impact consumer spending behavior and demand for credit. Poor economic conditions reduce the usage of our credit cards and the average spends on our credit cards, both of which reduce our interest and non-interest incomes. Poor economic conditions also tend to adversely affect our cardholders' ability and willingness to pay amounts owed to us, thus increasing delinquencies, charge-offs and provisions for credit losses, and decreasing recoveries.

Economic growth in India is influenced by, among other things, inflation, interest rates, foreign trade and capital flows. The level of inflation or depreciation of the Indian rupee may limit monetary easing or cause monetary tightening by the RBI. Any increase in inflation, due to increases in domestic food prices or global prices of commodities, including crude oil, the impact of currency depreciation on the prices of imported commodities and additional pass-through of higher fuel prices to consumers, or otherwise, may result in a tightening of monetary policy. While inflation rates in India have declined in recent years, a return to high rates of inflation with a resulting rise in interest rates, and any corresponding tightening of monetary policy may have an adverse effect on economic growth in India. Any adverse development in the Indian economy, changes in interest rates or other trends or financial difficulties, which are not within our control, could result in non-payment of amount due to us by our cardholders.

The Indian economy's growth momentum moderated significantly in fiscals 2018 and 2019 as compared to previous years. According to the Indian Central Statistics Organization, India's real GDP growth decreased from 8.2% in fiscal 2017 to 7.2% in fiscal 2018 and 6.8% in fiscal 2019. The Indian economy has slowed further in fiscal 2020, with India's real GDP having grown at 5.2% in the six months ended September 30, 2019 as compared to the six months ended September 30, 2018. The RBI currently forecasts India's real GDP growth to be 6.1% for fiscal 2020.

While our results may not necessarily track India's economic growth figures, the Indian economy's performance affects the environment in which we operate. A prolonged period of slow economic growth or a significant deterioration in economic conditions or broader consumer trends would likely affect consumer spending levels. A slowdown in economic growth in India could also result in lower demand for credit and other related services and may impact the repayment capabilities of our cardholders, resulting in increases in defaults.

Growth in Receivables, Spending Levels and Customer Base

The volume of our receivables portfolio, total credit card spending levels and size of our customer base have a direct and positive impact on our revenues. We have a balanced revenue model whereby we generate both non-interest income (such as interchange fees, late fees and annual fees, among others) as well as interest income on our credit card receivables. Due to the nature of this revenue structure, any increase in these variables has a direct and positive impact on our revenue generating capacity. Similarly, any decrease in either of these variables could materially adversely affect our revenue-generating capacity.

Interest income earned on customers' revolving as well as term loan (equated monthly instalment) balances is one of our substantial revenue streams. Interest income is a function of the volume of such receivables and the yield that we earn on them. The aggregate volume of customers' revolving and term loan (equated monthly instalment) balances is affected by the size of our customer base, customer spending levels on credit cards, customer repayment rates of the balances owed on the credit cards and the charge-offs we take. We expect interest income to increase with growth in customer balances over time.

We also earn income through non-interest income, including spend-based fees (primarily comprised of interchange fees), subscription-based fees (primarily comprised of annual credit card fees that we charge to customers) and instance-based fees (e.g. late fees and overlimit fees that we charge to customers). Spend-based fees are largely earned as a percentage of credit card spending levels, and we seek to stimulate increases in credit card spending levels to increase our spend-based non-interest income. To achieve this, we work to incrementally enhance our value proposition to our cardholders by rolling out new cash back offers, rewards offers and merchant discounts, partnering with new online/offline merchant partners and aggregators, and expanding our payment capabilities. Subscription-based fees and instance-based fees are mostly driven by the size of our cardholder base. We seek to expand our cardholder base by expanding our marketing and customer acquisition network, and increasing our credit card portfolio by offering new credit card products tailored for different income-based and lifestyle segments.

Our ability to increase the volume of our receivables portfolio, total credit card spending levels and size of our customer base has been an important factor in the growth of both our interest income and non-interest income during the periods under review. However, although these strategies may be successful in increasing our non-interest income, the additional costs incurred from these strategies may also simultaneously increase our costs of operations and may impact our overall profitability.

Credit Card Receivables Portfolio Mix

Changes in our credit card receivables portfolio mix significantly impact our revenues and profitability.

We view our credit card receivables portfolio in three broad categories: "revolver" receivables,"transactor" receivables and "term loan" receivables. Revolver receivables are characterized by balances which are carried over from one month to the next and, consequently, accrue interest charges. Transactor receivables are characterized by balances which are paid in full every month by the due date and, consequently, do not accrue any interest charges. As a result, an increase in transactor balances relative to revolver balances tends to negatively affect our interest income.

Transactor receivables also exhibit lower average delinquency rates as compared to revolver receivables as transactor receivables are paid off in full within payment due date. As a result, in the long run, a sustained increase in transactor balances relative to revolver balances also tends to positively affect our NPA rates and charge-off rates.

Term loan receivables are comprised of equated monthly instalment balances. Our term loan receivables usually carry lower interest rate than "revolver" receivables. As a result, a relative increase in our portfolio of term loan receivables in proportion to our overall credit card receivables portfolio tends to negatively affect our interest income.

Sources and Costs of Funding

Our primary sources of funding and liquidity are working capital facilities from banks, issuance of non-convertible debentures and commercial paper, as well as our shareholders' equity. We do not express a preference for any particular source of financing; rather, we seek to optimize, both from a cost and an availability perspective, the sourcing, use and composition of such funding sources. RBI regulations do not permit non-deposit taking NBFCs, like us, to take deposits from the public.

Significant factors that can impact our cost of funds include changes in our credit ratings and available credit limits. The cost of our interest-bearing liabilities depend on many external factors, including competitive factors and developments in the Indian credit markets and, in particular, interest rate movements.

An increase in the cost of our interest-bearing liabilities generally tends to increase our interest expenses. Conversely, a decrease in the cost of our interest-bearing liabilities generally tends to decrease our interest expenses. Therefore, we are able to increase our net interest income to the extent that we do not increase the cost of our interest-bearing liabilities to the same extent, or at the same time, as our yield on interest-bearing assets.

Asset Quality and Non-Performing Assets

The credit quality of our credit card receivables directly impacts our charge-off rates and the level of our non-performing assets. The level of our non-performing credit card advances is affected by, among other things, the general level of economic growth in India, the amount of non-performing loans written-off and our credit approval and monitoring policies. Other factors include a rise in unemployment, prolonged recessionary conditions, decline in household savings and income levels, regulators' assessment and review of our loan portfolio, a sharp and sustained rise in interest rates, refinance risks due to slow-down in lending by non-banking financial companies, housing finance companies and other financial intermediaries, movements in global commodity markets and exchange rates, each of which could cause a further increase in the level of NPAs.

An increase in our NPAs may require us to increase our provisions on credit card receivables, investments and the related recovery and litigation costs. We may also need to reassign or hire personnel in respect of collections efforts. To the extent that we are required to make additional provisions on account of our non-performing assets, such provisions are charged to our profit and loss account and decrease our profitability. To the extent that we are able to recover any credit card receivables that have been written-off, such amount is credited to our income statement.

As of September 30, 2019, our gross NPAs as percentage of gross advances was 2.33% and our net NPA as percentage of net advances was 0.78%. As of March 31, 2019, our gross NPAs as percentage of gross advances was 2.44% as compared to 2.83% as of March 31, 2018 and 2.34% as of March 31, 2017, while our net NPA as percentage of net advances was 0.83% as compared to 0.94% as of March 31, 2018 and 0.76% as of March 31, 2017.

Competition

Although difficult to quantify, competition may significantly affect our results of operations and will continue to shape the products, efficiency and ultimately profitability of Indian credit card issuers. Our primary competitors are other credit card issuers and, to a certain extent, issuers of debit cards. We also encounter competition from businesses that operate their own mobile wallets or extend credit to their customers and other fintech service providers. In particular, mobile, e-wallet and tokenization platforms, including the increasingly prevalent unified payments interface platform, may present formidable competition as they are able to attract large payment volumes at low or no payment processing fees to merchants.

In general, customers are attracted to credit card issuers largely on the basis of price, credit limit, reward programs and other product features, and we expect competition in the Indian credit card market to intensify in future years. For example, many credit card issuers have instituted rewards programs that are similar to ours, and, in some cases, could be viewed by customers as more attractive than our programs, which could lead such cardholders to prefer spending using our competitors' credit cards over our credit cards. As competitive pressures intensify, we may be required to expend additional resources to offer a more attractive value proposition to our cardholders, which could negatively impact our profit margins. In addition, although we continue to benefit from relatively high interest rates on our general purpose credit card portfolio, increasing competition may exert downward pressures on the interest rates we are able to charge our customers, which would ultimately erode our margins.

Regulatory Environment

Our industry is heavily regulated, and our results of operations and financial condition are affected by the RBI's policies as well as by other Indian laws and regulations. For a summary of the principal Indian laws and regulations that affect us, see "***Key Regulations and Policies in India***" on page 152.

We cannot assure you that laws or regulations will not be adopted, enforced or interpreted in the future in a manner that will not have a material adverse effect on our business and results of operations. For example, although we continue to benefit from relatively high interest rates on our general purpose credit card portfolio, new laws or regulations may limit the interest rates we are able to charge in the future. Moreover, changes in laws or regulations may also restrict the interchange fees or similar fees that we earn from credit card transactions in the future. For more information, see "***Risk Factors – Regulatory changes limiting the interest rates we may charge our cardholders could adversely affect our business***" on page 34.

We are also subject to RBI-mandated capital adequacy requirements. Any increase in such capital adequacy requirements may compel us to commit our existing capital away from profitable business opportunities, or to raise additional capital, in order to meet these new capital adequacy requirements. For more information, see "***Risk Factors – We are subject to capital adequacy requirements as stipulated by the RBI***" on page 40.

Factors Affecting the Comparability of Our Results of Operations

Business combinations

Effective from April 1, 2018, SBIBPMSL, an entity that provided back-end payment and processing services to us, was merged with and amalgamated into our Company.

Our fiscal 2017 financials do not reflect the impact of the merger, setting forth only the stand-alone expenses and other line items of SBI Cards and Payment Services Limited for that fiscal year.

Our financial statements for fiscal 2018 were restated as if the merger occurred on December 15, 2017, which is the date when common control was established as a result of the merger as per Ind AS 103. Therefore, our financial statements for fiscal 2018 reflect only the stand-alone expenses and other line items of SBI Cards and Payment Services Limited for the first eight and a half months of fiscal 2018, from April 1, 2017 to December 15, 2017, while such financial statements reflect our consolidated expenses and other line items for the later three and a half months of fiscal 2018, from December 16, 2017 to March 31, 2018.

Our financial statements for fiscal 2019 reflect the full impact of the merger, setting forth our consolidated expenses and other line items for that fiscal year.

Therefore, processing charges paid to SBIBPMSL prior to the merger were recorded under a specific "Processing Charges (SBIBPMSL costs)" line item for 12 months in fiscal 2017 and for eight and a half months in fiscal 2018. From the date when common control was established, SBIBPMSL processing costs were recorded in their respective cost line items for three and a half months in fiscal 2018 and for full fiscal 2019. As a result, the costs line items shown in our Restated Financial Statements may not be comparable at the individual line item level across fiscals 2017, 2018 and 2019.

New tax pronouncement

The Taxation Laws (Amendment) Ordinance, 2019, a new tax ordinance issued by India's Ministry of Finance on September 20, 2019 to further amend the Indian Income Tax Act, 1961, prescribed certain changes to the income tax rate applicable to companies in India. This ordinance provides an option for Indian companies to pay income tax at a concessional rate of 22% (plus surcharge and cess) thus reducing the effective corporate tax rate in India to 25.17% as compared to the current effective corporate tax rate of 34.94% subject to the condition that the companies opting for such concessional rate will not take advantage of other tax exemptions or incentives under Indian tax laws.

We have opted in favor of this voluntary concessional tax regime, and are not permitted to subsequently opt out of it. As a result, our business and results of operations are expected to be positively impacted on an ongoing basis as a result of such lower corporate income tax rate. However, although this new voluntary concessional tax regime would result in a significant decrease in the effective corporate tax rate for electing companies, electing companies would also be required to restate their deferred tax assets balances as of March 31, 2019 in line with these new, lower rates. As we have deferred tax asset balances that have been accumulated over the past years at a higher rate than the new effective tax rate under the voluntary concessional tax regime, we would expect to be negatively impacted during the year of transition. Although we expect that such negative impacts will ultimately be outweighed by the benefits derived from the lower corporate income tax rate under this new voluntary concessional tax regime, we cannot assure you of this outcome.

Hedge accounting

We hold derivative financial instruments, such as foreign exchange forward contracts, to mitigate the exchange rate risk on our foreign currency exposures. Under our hedge accounting policy, the unrealized gains and losses on derivative instruments that qualify as effective cash flow hedges are deferred and recorded under other comprehensive income, while for the ineffective cash flow hedges, unrealized gains and losses are recognized in our statement of profit and loss for the relevant period.

Prior to October 1, 2018, substantially all of our derivative financial instruments were designated as ineffective cash flow hedges. With effect from October 1, 2018, we began designating certain foreign exchange forward contracts as effective cash flow hedges in order to mitigate the risk of foreign exchange volatility on our profit and loss account. As a result, due to the different accounting treatments given to effective cash flow hedges as compared to non-effective cash flow hedges, prospective investors may find it difficult to compare our results of operations and financial condition across periods.

Adoption of Ind AS

Our Restated Financial Statements included in this Draft Red Herring Prospectus have been prepared in accordance with Ind AS.

Under the applicable Indian regulations, Ind AS is still not applicable to scheduled commercial banks, some of which are our primary competitors, and prepare their financial statements in accordance with Indian GAAP. Ind AS differs in many respects from Indian GAAP. The key areas of difference between Indian GAAP and Ind AS as it applies to us include accounting of financial instruments, accounting for revenue recognition, accounting for leasing etc. Our Restated Financial Statements therefore may not be comparable in certain material respects to the financial statements of our primary competitors.

Recent Accounting Pronouncements

Ind As 116 – New Accounting Standard on Accounting for Leases

On March 30, 2019, the Ministry of Corporate Affairs promulgated Ind AS 116 – Leases, the new accounting standard on accounting for leases, which replaced the prior standard Ind AS 17 – Leases covering accounting for leases. Although Ind AS 116 was applicable to us starting from fiscal 2020, we have given retroactive effect to Ind AS 116 for lease accounting starting from April 1, 2016 in the preparation of our Restated Financial Statements. Accordingly, all relevant figures reflected in our Restated Financial Statements have been reclassified and/or regrouped to give effect to the requirements of Ind AS 116. For more information, see Note 43 to our Restated Financial Statements included in this Draft Red Herring Prospectus.

Components of Our Profit and Loss Account

Revenue from operations

Our revenue from operations is comprised of (i) interest income, (ii) income from fees and services, (iii) service charges, (iv) business development incentive income, (v) insurance commission income, and (vi) net gain on fair value changes.

Interest income: our interest income primarily relates to income derived from our interest-earning assets, which are mainly comprised of revolving credit card balances and term loans (primarily relating to equated monthly instalments). Our cardholders have the option to "revolve" their balances or repay their obligations over a period of time and at a fixed interest rate set forth in their cardholder agreements. Our term loan receivables usually carry lower interest rates than revolving credit card balances. Our interest income comprised 50.7% and 52.8% of our total revenue from operations for the six months ended September 30, 2019 and 2018, respectively, and 51.1% for fiscal 2019, 53.2% for fiscal 2018 and 56.4% for fiscal 2017.

Income from fees and services: income from fees and services primarily relates to the various types of credit card fees and charges that we generate from our operations. Income from fees and services is comprised of subscription-based fees, spend-based income and instance-based fees.

- Subscription-based fees: subscription-based fees primarily consist of credit card membership fees and annual credit card fees that we charge our cardholders.

- Spend-based income: spend-based income primarily consists of the interchange fees that we earn as consideration for the transactions carried out by our cardholders using our credit cards. In addition, we also earn foreign exchange markup income on international transactions using our credit cards.

- Instance-based fees: instance-based fees primarily consists of a wide range of fees that we charge our cardholders, including late fees, reward redemption fees, cash withdrawal fees, overlimit fees, payment dishonour fees, processing fees or service charges for various cross-sell or value added products, and statement retrieval charges, among others.

Income from fees and services as a proportion of revenue from operations comprised 44.4 % and 42.3 % for the six months ended September 30, 2019 and 2018, respectively, and 43.9% for fiscal 2019, 42.0% for fiscal 2018 and 39.2% for fiscal 2017.

Service charges: service charges primarily comprise commission from selling of third party products (like card protection plans), share of accelerated reward points cost recovered from partners, brand association fee charged to partners, transaction revenue from aggregators.

Business development incentive income: Business development incentive income is comprised of contractual business development incentives that we earn from payment networks under long-term contracts. These incentives are dependent on several variables primarily like increases in total credit card spends, total credit cards outstanding and new product launches etc.

Insurance commission income: insurance commission income is comprised of commissions or incentives that we earn as a corporate insurance agent in selling our partners' insurance products to our cardholders.

Net gain on fair value changes: net gain on fair value changes is comprised of fair value gain/loss on ineffective cash flow hedges prior to October 1, 2018. For more information, see Note 38 to our Restated Financial Statements included in this Draft Red Herring Prospectus and "***Factors Affecting the Comparability of Our Results of Operations – Hedge accounting***" on page 329.

Other income

Other income primarily consists of recovery from bad debts written off, income from investments/fixed deposits, liabilities and provisions written back and tax refunds

Total income

Our total income is the sum of (i) revenue from operations, and (ii) other income.

Total expenses

Our total expenses are comprised of (i) finance costs, (ii) employee benefits expenses, (iii) depreciation, amortization and impairment, (iv) operating and other expenses, (v) CSR expenses, and (vi) impairment losses & bad debts.

Finance costs: finance costs primarily relate to interest expense on interest-bearing liabilities, which are mainly comprised of our debt funding and leases.

Employee benefits expenses: employee benefits expenses represent costs relating to our employees and includes contributions payable to our employees' retirement plans.

Depreciation, amortization and impairment: Depreciation on property, plant and equipment is provided on straight line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013. Assets acquired under lease liabilities are depreciated over the lease term or useful life, whichever is shorter.

Operating and other expenses: operating and other expenses primarily consist of (i) sales promotion cost, including acquisition cost for sourcing new accounts, cost of value propositions and other benefits to cardholders such as promotional and cashback expenses, as well as pass back to our corporate clients (ii) rewards points costs, which include cost of reward points redeemed by cardholders and estimated cost of future reward redemptions based on an actuarial valuation, (iii) credit card transaction charges, including charges and levies paid to payment networks for transaction charges and other services, (iv) processing charges paid to SBIBPMSL prior to our merger, and (v) other costs, including communication costs, collection charges, power and fuel, printing, postage and stationery costs, professional and consulting fees, advertising costs, data processing cost, short and variable lease expenses, among others.

CSR expenses

CSR expenses are comprised of expenses incurred in connection with our corporate social responsibility efforts. Under our internal CSR policy, we earmark two percent of our average profits after tax for the prior three years as CSR expenses.

Impairment losses & bad debts

Impairment losses & bad debts consists of (i) balances written off on account of charge-offs, settlement losses and fraud losses and (ii) provisions on receivables based on the expected credit loss model. Generally, there exists a lag in timing between the build-up in assets and incremental losses; hence, changes in impairment losses, bad debts and other provisions on financial assets may not exactly match our growth in assets for the same period.

Tax expense

Tax expense represents the tax liability owed to the government based on our income before tax and the applicable tax rate. Our tax expense consists of current tax and deferred tax.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with Ind AS requires our management to make certain judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge at the time, differing assumptions could yield different results and actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are most significant to the financial statements, including those set forth below, are discussed in "***Notes to Financial Statements – Critical accounting judgements and key sources of estimation uncertainty***" on page 230.

Revenue Recognition

Application of the various accounting principles in Ind AS 115 related to the measurement and recognition of revenue requires us to make judgments and estimates. Specifically, complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. We consider various factors in estimating transaction volumes and estimated marketing activities target fulfilment, expected behavioural life of card etc.

Business development incentive

Estimation of business development incentives relies on forecasts of credit card spend volumes, card issuance, etc. Performance is estimated using, transactional information - historical and projected information and involves certain degree of future estimation.

Card life

Estimation of card life relies on behavioural life trend established basis past customer behaviour / observed life cycle. Differences between actual results and our estimates are adjusted in the period of actual performance. Management is required to assess the probability of loss and amount of such loss with respect to legal proceedings, if any, in preparing our financial statements.

Property, Plant and equipment

We review the estimated useful lives of property, plant and equipment at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as change in technology.

Impairment of financial assets

A number of significant judgements are also required in applying the accounting requirements for measuring ECL such as;

- Establishing groups of similar financial assets for the purposes of measuring ECL (Portfolio segmentation)
- Defining default
- Determining criteria for significant increase in credit risk.
- Choosing appropriate models and assumptions for measurement of ECL.

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, we use market-observable data to the extent it is available. Where Level 1 inputs are not available, we engage third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 31 to our Restated Financial Statements included in this Draft Red Herring Prospectus.

All assets and liabilities for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level

Input that is significant to the fair value measurement as a whole:

- Level 1— Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cost of reward points

The cost of reward point includes the cost of future reward redemption which is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

Defined Benefit Plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Leases

We evaluate if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. We use significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

We determine the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if we are reasonably certain to exercise that option; and periods covered by an option to terminate the lease if we are reasonably certain not to exercise that option. In assessing whether we are reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for us to exercise the option to extend the lease, or not to exercise the option to terminate the lease. We revise the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

For a description of our significant accounting policies, see note 4 to our Restated Financial Statements included in this Draft Red Herring Prospectus.

Our Results of Operations

Six months ended September 30, 2019 compared to six months ended September 30, 2018

The following table shows a breakdown of our results of operations for the periods indicated:

	Six months ended September 30,		
	2018	**2019**	**% change**
	(₹ in millions, except percentages)		
Revenue from Operations			
Interest Income	16,992.17	22,115.64	30.2%
Income from fees and services	13,593.90	19,378.36	42.6%
Service Charges	329.76	527.40	59.9%
Business development incentive income	707.86	1,566.07	121.2%
Insurance commission income	41.54	52.92	27.4%
Net gain on fair value changes	491.45	(1.04)	-100.2%
Total Revenue from operations	**32,156.68**	**43,639.35**	**35.7%**
Other Income	1,266.06	3,132.73	147.4%
Total Income	**33,422.74**	**46,772.08**	**39.9%**
Expenses			
Finance costs	4,659.86	6,213.22	33.3%
Employee benefits expenses	1,921.87	2,103.13	9.4%
Depreciation, amortization and impairment	367.56	478.75	30.3%
Operating and other expenses	15,435.37	20,358.01	31.9%
CSR expenses	24.45	15.15	-38.0%
Impairment losses & bad debts	5,214.87	7,257.97	39.2%
Total expenses	**27,623.98**	**36,426.23**	**31.9%**
Profit before tax	**5,798.76**	**10,345.85**	**78.4%**
Tax expense			
Current tax charge / (credit)	2,218.83	2,673.25	20.5%
Current tax charge / (credit) - prior periods	0.00	38.05	-

	Six months ended September 30,		
	2018	2019	% change
	(₹ in millions, except percentages)		
Deferred tax charge / (credit)	(186.17)	375.73	N.M.
Total Tax Expenses	**2,032.66**	**3,087.03**	**51.9%**
Profit after tax for the period	**3,766.10**	**7,258.82**	**92.7%**

Total revenue from operations

Our total revenue from operations increased by ₹11,482.67 million, or 35.7%, from ₹32,156.68 million for the six months ended September 30, 2018 to ₹43,639.35 million for the six months ended September 30, 2019. This increase was a result of the following factors:

- *Interest income*: our interest income increased by ₹5,123.47 million, or 30.2%, from ₹16,992.17 million for the six months ended September 30, 2018 to ₹22,115.64 million for the six months ended September 30, 2019, primarily due to a 34.8% increase in the average amounts of our credit card receivables in the six months ended September 30, 2019 as compared to the six months ended September 30, 2018 resulting from the overall growth of our business. This effect was partially offset by a 76 basis points decrease in the average yield on our credit card receivables, from 22.0% for the six months ended September 30, 2018 to 21.3% for the six months ended September 30, 2019, due to lower interest rates offered on our term loan (equated monthly instalment) receivables on a promotional basis, and a relative increase in transactor credit card balances that did not accrue interest in the six months ended September 30, 2019.

- *Income from fees and services*: our income from fees and services increased by ₹5,784.46 million, or 42.6%, from ₹13,593.90 million, for the six months ended September 30, 2018 to ₹19,378.36 million for the six months ended September 30, 2019.

  The following table shows a breakdown of our income from fees and services for the periods indicated:

	Six months ended September 30,		
	2018	2019	% change
	(₹ millions, except percentages)		
Income from fees and services	**13,593.90**	**19,378.36**	**42.6%**
Subscription-based fees	1,989.08	2,878.72	44.7%
Spends-based fees	7,124.06	9,972.88	40.0%
Instance-based fees	4,480.76	6,526.76	45.7%

  This increase in our income from fees and services was primarily due to (i) a ₹2,848.82 million, or 40.0%, increase in spend based fees, from ₹7,124.06 million for the six months ended September 30, 2018 to ₹9,972.88 million for the six months ended September 30, 2019 primarily driven by a 34.1% increase in total credit card spends and changes in industry level interchange fee billing arrangements among the payment networks, acquirers and credit card issuers in India, which resulted in a more favorable interchange fee structure, (ii) a ₹2,046.00 million, or 45.7%, increase in instance-based fees, from ₹4,480.76 million for the six months ended September 30, 2018 to ₹6,526.76 million for the six months ended September 30, 2019, primarily driven by 34.5% increase in the number of our total credit cards outstanding, and (iii) a ₹889.64 million, or 44.7%, increase in subscription based fees, from ₹1,989.08 million for the six months ended September 30, 2018 to ₹2,878.72 million for the six months ended September 30, 2019, driven by a 34.5% increase in the number of our total credit cards outstanding.

- *Service charges*: our income derived from service charges increased by ₹197.64 million, or 59.9%, from ₹329.76 million for the six months ended September 30, 2018 to ₹527.40 million for the six months ended

September 30, 2019, primarily as a result of a 34.1% increase in total credit card spends and 34.5% increase in the number of our total credit cards outstanding in the six months ended September 30, 2019 as compared to the six months ended September 30, 2018.

- *Business development incentive income*: our business development incentive income increased by ₹858.20 million, or 121.2 %, from ₹707.86 million for the six months ended September 30, 2018 to ₹1,566.07 million for the six months ended September 30, 2019, primarily due to (i) a more favorable renegotiation of business development incentive agreements with the payment networks in the second half of fiscal 2019, and (ii) a 34.1% increase in total credit card spends, a 34.5% increase in the number of our total credit cards outstanding

- *Insurance commission income*: our insurance commission income increased by ₹11.38 million, or 27.4%, from ₹41.54 million, for the six months ended September 30, 2018 to ₹52.92 million for the six months ended September 30, 2019, primarily as a result of 34.5% increase in the number of our total credit cards outstanding in the six months ended September 30, 2019 as compared to the six months ended September 30, 2018.

- *Net gain on fair value changes*: our net gain on fair value changes varied by ₹492.49 million, or 100.2%, from ₹491.45 million for the six months ended September 30, 2018 to ₹(1.04) million for the six months ended September 30, 2019, primarily due to the accounting effect resulting from certain derivative contracts having been designated "effective cash flow hedges" during the six months ended September 30, 2019. For more information, see "***Factors Affecting the Comparability of Our Results of Operations – Hedge accounting***" on page 329.

Other Income

Our other income increased by ₹1,866.68 million, or 147.4%, from ₹1,266.06 million for the six months ended September 30, 2018 to ₹3,132.73 million for the six months ended September 30, 2019, primarily due to (i) a ₹1,613.08 million write back of provisions and liabilities, from ₹4.75 million for the six months ended September 30, 2018 to ₹1,617.83 million for the six months ended September 30, 2019, primarily due to a revision in our actuarial valuations for reward point redemptions and expiry rates estimates, and (ii) a ₹289.19 million, or 24.1%, increase in bad debts recovered, from ₹1,197.93 million for the six months ended September 30, 2018 to ₹1,487.12 million for the six months ended September 30, 2019, primarily due to a 34.8% increase in the average amounts of our credit card receivables.

Total income

Our total income increased by ₹13,349.34 million, or 39.9%, from ₹33,422.74 million for the six months ended September 30, 2018 to ₹46,772.08 million for the six months ended September 30, 2019, primarily due to the factors mentioned above.

Total expenses

Our total expenses increased by ₹8,802.25 million, or 31.9%, from ₹27,623.98 million for the six months ended September 30, 2018 to ₹36,426.23 million for the six months ended September 30, 2019. This increase was a result of the following factors:

- *Finance costs*: our finance costs increased by ₹1,553.36 million, or 33.3%, from ₹4,659.86 million for the six months ended September 30, 2018 to ₹6,213.22 million for the six months ended September 30, 2019, primarily due to (i) a 32.0 % increase in the average volume of our borrowings and debt securities to finance the growth in our credit card receivables, and (ii) an 8 basis points increase in the interest rate on our average borrowings and debt securities resulting from a change in our funding sources mix.

- *Employee benefits expenses*: our employee benefits expenses increased by ₹181.25 million, or 9.4%, from ₹1,921.87 million, for the six months ended September 30, 2018 to ₹2,103.13 million for the six months ended September 30, 2019, primarily due to a 3.1% increase in the average number of employees in the six months ended September 30, 2019 as compared to the six months ended September 30, 2018, in line with the expansion of our business activities and (ii) annual employees salary increases.

- *Depreciation, amortization and impairment*: our depreciation, amortization and impairment expenses increased by ₹111.18 million, or 30.2%, from ₹367.56 million, for the six months ended September 30, 2018 to ₹478.75 million for the six months ended September 30, 2019, primarily as a result of an increase in our fixed asset base in line with the expansion of our business activities.

- *Operating and other expenses*: our operating and other expenses increased by ₹4,922.64 million, or 31.9%, from ₹15,435.37 million, for the six months ended September 30, 2018 to ₹20,358.01 million for the six months ended September 30, 2019.

  The following table shows a breakdown of our operating and other expenses for the periods indicated:

	Six months ended September 30,		
	2018	**2019**	**% change**
	(₹ in millions, except percentages)		
Operating and other expenses	**15,435.37**	**20,358.01**	**31.9%**
Sales promotion costs	6,801.94	10,651.69	56.6%
Reward points redemption	1,989.19	2,426.07	22.0%
Card transaction charges	1,394.60	1,991.63	42.8%
Processing charges (SBIBPMSL)	-	-	-
All other costs(1)	5,249.65	5,288.63	0.7%

(1) All other costs include communication costs, collection charges, power and fuel, printing, postage and stationery costs, professional and consulting fees, advertising costs, IT data processing cost, short and variable lease expenses, among other costs. See note 32 to our Restated Financial Statements included in this Draft Red Herring Prospectus for more information.

  This increase in our operating and other expenses was primarily due to (i) a ₹3,849.75 million, or 56.6%, increase in sales promotion costs in the six months ended September 30, 2019 as compared to the six months ended September 30, 2018, as a result of an increase in promotional expenses relating to new cardholder acquisitions and to stimulate increases in credit card transaction volumes, (ii) a ₹597.03 million, or 42.8%, increase in card transaction charges in the six months ended September 30, 2019 as compared to the six months ended September 30, 2018, primarily driven by 34.1% increase in total credit card spends, (iii) a decrease in net loss on foreign currency transactions from ₹563.64 million in the six months ended September 30, 2018 to ₹2.01 million in the six months ended September 30, 2019 reflecting the effect of a ₹491.45 million net gain on the fair value of foreign exchange derivatives, and (iv) a ₹436.88 million, or 22.0%, increase in rewards points redemption costs in the six months ended September 30, 2019 as compared to the six months ended September 30, 2018, driven by 42.4% increase in total retail credit card spends, which effect was partially offset by decrease in rewards redemption rates.

- *CSR expenses*: our CSR expenses decreased by ₹9.30 million, or 38.0%, from ₹24.45 million, for the six months ended September 30, 2018 to ₹15.15 million for the six months ended September 30, 2019, primarily due to our plans to concentrate fiscal 2020 CSR expenses in the fourth quarter of that fiscal year.

- *Impairment losses & bad debts*: our impairment losses & bad debts expenses increased by ₹2,043.10 million, or 39.2%, from ₹5,214.87 million, for the six months ended September 30, 2018 to ₹7,257.97 million for the six months ended September 30, 2019, primarily due to (i) a ₹1,313.7 million, or 29.1%, increase in bad debts written off resulting from a ₹921.4 million accelerated write-off in the six months ended September 30, 2019 as a result of financial difficulties faced by one of our corporate customers, as well as a 34.8% increase in the average amounts of our credit card receivables, and (ii) a ₹729.4 million increase in our impairment loss allowance resulting from a 34.8% increase in the average amounts of our credit card receivables. These effects were partially offset by an improvement in our overall impairment allowance rates from 3.65% as of September 30, 2018 to 3.29% as of September 30, 2019.

Profit before tax

Our profit before tax increased by ₹4,547.09 million, or 78.4%, from ₹5,798.76 million for the six months ended September 30, 2018 to ₹10,345.85 million for the six months ended September 30, 2019, primarily due to the factors mentioned above.

Tax expense

Tax expense increased by ₹1,054.37 million, or 51.9%, from ₹2,032.66 million for the six months ended September 30, 2018 to ₹3,087.03 million for the six months ended September 30, 2019, primarily due to a ₹4,547.09 million, or 78.4%, increase in our profit before tax. This effect was partially offset by a decrease in our effective tax rate from 35.1% in six months ended September 30, 2018 to 29.8% in six months ended September 30, 2019 due to a new taxation ordinance issued by India's Ministry of Finance. For more information, see "***Factors Affecting the Comparability of Our Results of Operations – New tax pronouncement***" on page 328 .

Profit after tax

Our profit after tax increased by ₹3,492.71 million, or 92.7%, from ₹3,766.10 million for the six months ended September 30, 2018 to ₹7,258.82 million for the six months ended September 30, 2019, primarily due to the factors mentioned above.

Year ended March 31, 2019 compared to year ended March 31, 2018

The following table shows a breakdown of our results of operations for the years indicated:

	Year ended March 31,		
	2018	**2019**	**% change**
	(₹ in millions, except percentages)		
Revenue from Operations			
Interest Income....................................	27,599.80	35,757.12	29.6%
Income from fees and services	21,772.67	30,720.37	41.1%
Service Charges..................................	796.13	1,258.59	58.1%
Business development incentive income..	1,628.40	2,166.73	33.1%
Insurance commission income	72.75	87.26	19.9%
Net gain on fair value changes	0.00	1.04	-
Total Revenue from operations	**51,869.75**	**69,991.11**	**34.9%**
Other Income......................................	1,832.17	2,877.23	57.0%
Total Income	**53,701.92**	**72,868.34**	**35.7%**
Expenses			
Finance costs	7,115.11	10,172.10	43.0%
Employee benefits expenses................	1,930.88	3,904.03	102.2%
Depreciation, amortization and impairment	244.93	811.01	N.M.
Operating and other expenses.............	27,119.22	33,045.94	21.9%
CSR expenses.....................................	97.75	141.85	45.1%
Impairment losses & bad debts............	8,000.58	11,477.42	43.5%
Total expenses	**44,508.47**	**59,552.35**	**33.8%**

	Year ended March 31,		
	2018	2019	% change
	(₹ in millions, except percentages)		
Profit before tax.................................	**9,193.45**	**13,315.99**	**44.8%**
Tax expense			
Current tax charge / (credit)	2,854.91	5,403.12	89.3%
Current tax charge / (credit) - prior years	(192.06)	71.49	-137.2%
Deferred tax charge / (credit)	519.17	(785.81)	N.M.
Total Tax Expenses	**3,182.02**	**4,688.80**	**47.4%**
Profit after tax for the year..............	**6,011.43**	**8,627.19**	**43.5%**

Total revenue from operations

Our total revenue from operations increased by ₹18,121.36 million, or 34.9%, from ₹51,869.75 million for fiscal 2018 to ₹69,991.11 million for fiscal 2019. This increase was a result of the following factors:

- *Interest income*: our interest income increased by ₹8,157.32 million, or 29.6%, from ₹27,599.80 million for fiscal 2018 to ₹35,757.12 million for fiscal 2019, primarily due to a 33.0% increase in the average amounts of our credit card receivables in fiscal 2019 as compared to fiscal 2018 resulting from the overall growth of our business. This effect was partially offset by a 58 basis points decrease in the average yield on our credit card receivables, from 22.2% for fiscal 2018 to 21.6% for fiscal 2019, due to lower interest rates offered on our term loan (equated monthly instalment) receivables on a promotional basis, and a relative increase in transactor credit card balances that did not accrue interest in fiscal 2019.

- *Income from fees and services*: our income from fees and services increased by ₹8,947.70 million, or 41.1%, from ₹21,772.67 million for fiscal 2018 to ₹30,720.37 million for fiscal 2019.

  The following table shows a breakdown of our income from fees and services for the periods indicated:

	Year ended March 31,		
	2018	2019	% change
	(₹ millions, except percentages)		
Income from fees and services	**21,772.67**	**30,720.37**	**41.1%**
Subscription-based fees	3,255.16	4,352.53	33.7%
Spends-based fees	11,738.20	16,431.18	40.0%
Instance-based fees	6,779.31	9,936.66	46.6%

  This increase in our income from fees and services was primarily due to (i) a ₹4,692.98 million, or 40.0%, increase in spend-based fees from ₹11,738.20 million in fiscal 2018 to ₹16,438.18 million in fiscal 2019, primarily driven by 35.0% increase in total credit card spends and changes in our interchange fee billing arrangements with the payment networks which resulted in a more favorable interchange fee structure, (ii) a ₹3,157.35 million, or 46.6%, increase in instance-based fees, from ₹6,779.31 million in fiscal 2018 to ₹9,936.66 million in fiscal 2019, primarily driven by 32.2% increase in the number of our total credit cards outstanding, and (iii) a ₹1,097.38 million, or 33.7%, increase in subscription-based fees, from ₹3,255.16 million in fiscal 2018 to ₹4,352.53 million in fiscal 2019, driven by a 32.2% increase in the number of our total credit cards outstanding.

- *Service charges*: our income derived from service charges increased by ₹462.47 million, or 58.1%, from ₹796.13 million, for fiscal 2018 to ₹1,258.59 million for fiscal 2019, primarily as a result of a 35.0% increase in total credit card spends and a 32.2% increase in the number of our total credit cards outstanding in fiscal 2019 as compared to fiscal 2018.

- *Business development incentive income*: our business development incentive income increased by ₹538.33 million, or 33.1%, from ₹1,628.40 million, for fiscal 2018 to ₹2,166.73 million for fiscal 2019, primarily due to 35.0% increase in total credit card spends and a 32.2% increase in the number of our total credit cards outstanding in fiscal 2019 as compared to fiscal 2018, which resulted in us meeting our incentive targets under our business development incentive agreements with the payment networks.

- *Insurance commission income*: our insurance commission income increased by ₹14.50 million, or 19.9%, from ₹72.75 million, for fiscal 2018 to ₹87.26 million for fiscal 2019, primarily as a result of 32.2% increase in the number of our total credit cards outstanding in fiscal 2019 as compared to fiscal 2018.

- *Net gain on fair value changes*: net gain on fair value changes totaled ₹1.04 million in fiscal 2019, without corresponding amounts in fiscal 2018, primarily due to the accounting effect resulting from certain derivative contracts having been designated "effective cash flow hedges" effective from October 1, 2018. For more information, see "***Factors Affecting the Comparability of Our Results of Operations – Hedge accounting***" on page 329.

Other Income

Our other income increased by ₹1,045.06 million, or 57.0%, from ₹1,832.17 million for fiscal 2018 to ₹2,877.23 million for fiscal 2019, primarily due to (i) a ₹801.71 million, or 46.3%, increase in bad debts recovered from ₹1,732.55 million for fiscal 2018 to ₹2,534.26 million for fiscal 2019, primarily due to the a 33.0% increase in the average amounts of our credit card receivables, and (ii) a ₹101.73 million, or 133.2%, increase in other interest income from ₹76.39 million for fiscal 2018 to ₹178.12 million for fiscal 2019 as a result of the accounting effects of the merger between SBIBPMSL and SBICPSL in fiscal 2018. For more information, see "***Factors Affecting the Comparability of Our Results of Operations – Business combinations***" on page 328.

Total income

Our total income increased by ₹19,166.42 million, or 35.7%, from ₹53,701.92 million for fiscal 2018 to ₹72,868.34 million for fiscal 2019, primarily due to the factors mentioned above.

Total expenses

Our total expenses increased by ₹15,043.87 million, or 33.8%, from ₹44,508.47 million for fiscal 2018 to ₹59,552.35 million for fiscal 2019. This increase was a result of the following factors:

- *Finance costs*: our finance costs increased by ₹3,056.99 million, or 43.0%, from ₹7,115.11 million for fiscal 2018 to ₹10,172.10 million for fiscal 2019, primarily due to (i) a 27.3% increase in the average volume of our borrowings and debt securities to finance the 33.0% growth in our credit card receivables, and (ii) an 89 basis points increase in the interest rate on our average borrowings and debt securities resulting from a change in our funding sources mix.

- *Employee benefits expenses*: our employee benefits expenses increased by ₹1,973.14 million, or 102.2%, from ₹1,930.88 million, for fiscal 2018 to ₹3,904.03 million for fiscal 2019, primarily due to (i) the accounting effects of the merger between SBIBPMSL and SBICPSL in fiscal 2018, as our fiscal 2019 financial statements reflect 12 months of employee benefits expenses totaling ₹2,334.71 million, whereas our fiscal 2018 financial statements reflect only 3.5 months of employee benefits expenses totaling ₹636.98 million, (ii) a 9.9% increase in the average number of employees in fiscal 2019 as compared to fiscal 2018, in line with the expansion of our business activities, and (iii) annual employees salary increases. For more information, see "***Factors Affecting the Comparability of Our Results of Operations – Business combinations***" on page 328.

- *Depreciation, amortization and impairment*: our depreciation, amortization and impairment expenses increased by ₹566.08 million, from ₹244.93 million, for fiscal 2018 to ₹811.01 million for fiscal 2019, primarily as a result of (i) the accounting effects of the merger between SBIBPMSL and SBICPSL in fiscal 2018, as our fiscal 2019 financial statements reflect 12 months of depreciation, amortization and impairment expenses totaling ₹562.47 million, whereas our fiscal 2018 financial statements reflect only 3.5 months of depreciation, amortization and impairment expenses totaling ₹122.78 million, and (ii) an increase in our fixed asset base in line with the expansion of our business activities. For more information, see "***Factors Affecting the Comparability of Our Results of Operations – Business combinations***" on page 328.

- *Operating and other expenses*: our operating and other expenses increased by ₹5,926.72 million, or 21.9%, from ₹27,119.22 million, for fiscal 2018 to ₹33,045.94 million for fiscal 2019.

  The following table shows a breakdown of our operating and other expenses for the periods indicated:

	Year ended March 31,		
	2018	**2019**	**% change**
	(₹ in millions, except percentages)		
Operating and other expenses	**27,119.22**	**33,045.94**	**21.9%**
Sales promotion costs	12,025.69	16,356.72	36.0%
Reward points redemption	3,015.84	4,130.75	37.0%
Card transaction charges	2,105.56	3,094.14	47.0%
Processing charges (SBIBPMSL)	4,387.56	-	-
All other costs(1)	5,584.57	9,464.34	69.5%

(1) All other costs include communication costs, collection charges, power and fuel, printing, postage and stationery costs, professional and consulting fees, advertising costs, IT data processing cost, short and variable lease expenses, among other costs. See note 32 to our Restated Financial Statements included in this Draft Red Herring Prospectus for more information.

This increase in operating and other expenses, primarily due to (i) a 69.5% increase in all other costs, from ₹5,584.57 million in fiscal 2018 to ₹9,464.34 million in fiscal 2019, primarily due to the accounting effects of the merger between SBIBPMSL and SBICPSL in fiscal 2018, (ii) a ₹4,331.03 million, or 36.0%, increase in sales promotion costs in fiscal 2019 as compared to fiscal 2018, as a result of an increase in promotional expenses relating to new cardholder acquisitions and to stimulate increases in credit card transaction volumes, (iii) a ₹1,114.91 million, or 37.0%, increase in rewards points redemption costs in fiscal 2019 as compared to fiscal 2018, driven by 35.6% increase in retail credit card spends, and (iv) a ₹988.58 million, or 47.0%, increase in card transaction charges in fiscal 2019 driven by 35.0% increase in total credit card spends. This increase was partially offset by a ₹4,387.56 million decrease in operating and other expenses due to the accounting effects of the merger between SBIBPMSL and SBICPSL in fiscal 2018. For more information, see "***Factors Affecting the Comparability of Our Results of Operations – Business combinations***" on page 328.

- *CSR expenses*: our CSR expenses increased by ₹44.10 million, or 45.1%, from ₹97.75 million for fiscal 2018 to ₹141.85 million for fiscal 2019, driven by an increase in our average profits for the three prior years.

- *Impairment losses & bad debts*: our impairment losses & bad debts expenses increased by ₹3,476.84 million, or 43.5%, from ₹8,000.58 million for fiscal 2018 to ₹11,477.42 million for fiscal 2019, primarily due to (i) a ₹3,361.35 million, or 56.2%, increase in bad debts written off resulting from higher credit stress in certain portfolio segments observed in fiscal 2018. as well as a 33.0% increase in the average size of our credit card receivables portfolio, and (ii) a ₹1,207.24 million increase in provisions on other advances in fiscal 2019 primarily comprising provisions on GST refunds claimed but not yet recovered by us in fiscal 2019. This increase was partially offset by a ₹1,091.75 million decrease in our impairment loss allowance resulting from an improvement in our overall impairment allowance rates from 3.33% as on March 31, 2019 compared to 3.60% as on March 31, 2018.

Profit before tax

Our profit before tax increased by ₹4,122.54 million, or 44.8%, from ₹9,193.45 million for fiscal 2018 to ₹13,315.99 million for fiscal 2019, primarily due to the factors mentioned above.

Tax expense

Tax expense increased by ₹1,506.78 million, or 47.4%, from ₹3,182.02 million for the for fiscal 2018 to ₹4,688.80 million for fiscal 2019, primarily due to a ₹4,122.54 million, or 44.8%, increase in our profit before tax.

Profit after tax

Our profit after tax increased by ₹2,615.76 million, or 43.5%, from ₹6,011.43 million for fiscal 2018 to ₹8,627.19 million for fiscal 2019, primarily due to the factors mentioned above.

Year ended March 31, 2018 compared to year ended March 31, 2017

The following table shows a breakdown of our results of operations for the years indicated:

	Year Ended March 31,		
	2017	**2018**	**% change**
	(₹ in millions, except percentages)		
Revenue from Operations			
Interest Income	18,881.60	27,599.80	46.2%
Income from fees and services	13,115.85	21,772.67	66.0%
Service Charges	533.39	796.13	49.3%
Business development incentive income	883.29	1,628.40	84.4%
Insurance commission income	47.90	72.75	51.9%
Net gain on fair value changes	0.00	0.00	N/A
Total Revenue from operations	**33,462.03**	**51,869.75**	**55.0%**
Other Income	1,248.35	1,832.17	46.8%
Total Income	**34,710.38**	**53,701.92**	**54.7%**
Expenses			
Finance costs	5,284.32	7,115.11	34.6%
Employee benefits expenses	953.07	1,930.88	102.6%
Depreciation, amortization and impairment	47.93	244.93	N.M.
Operating and other expenses	17,318.75	27,119.22	56.6%
CSR expenses	70.39	97.75	38.9%
Impairment losses & bad debts	5,319.69	8,000.58	50.4%
Total expenses	**28,994.15**	**44,508.47**	**53.5%**
Profit before tax	**5,716.23**	**9,193.45**	**60.8%**
Tax expense			
Current tax charge / (credit)	2,500.63	2,854.91	14.2%
Current tax charge / (credit) - prior years	(41.09)	(192.06)	N.M.
Deferred tax charge / (credit)	(471.90)	519.17	N.M.
Total Tax Expenses	**1,987.64**	**3,182.02**	**60.1%**

	Year Ended March 31,		
	2017	2018	% change
Profit after tax for the year........................	**3,728.59**	**6,011.43**	**61.2%**

Total revenue from operations

Our total revenue from operations increased by ₹18,407.72 million, or 55.0%, from ₹33,462.03 million for fiscal 2017 to ₹51,869.75 million for fiscal 2018. This increase was a result of the following factors:

- *Interest income*: our interest income increased by ₹8,718.20 million, or 46.2%, from ₹18,881.60 million for fiscal 2017 to ₹27,599.80 million for fiscal 2018, primarily due to (i) a 40.4% increase in the average amounts of our credit card receivables in fiscal 2018 as compared to fiscal 2017 in line with the growth of our operations, and (ii) an 88 basis points increase in the average yield on our credit card receivables, from 21.3% in fiscal 2017 as compared to 22.2% in fiscal 2018, due to a relative increase in transactor credit card balances that did not accrue interest in fiscal 2019.

- *Income from fees and services*: our income from fees and services increased by ₹8,656.81 million, or 66.0%, from ₹13,115.85 million, for fiscal 2017 to ₹21,772.67 million for fiscal 2018.

  The following table shows a breakdown of our income from fees and services for the periods indicated:

	Year ended March 31,		
	2017	2018	% change
	(₹ millions, except percentages)		
Income from fees and services	**13,115.85**	**21,772.67**	**66.0%**
Subscription-based fees	2,107.57	3,255.16	54.5%
Spends-based fees	6,946.20	11,738.20	69.0%
Instance-based fees	4,062.09	6,779.31	66.9%

  This increase in our income from fees and services was primarily due to (i) a ₹4,792.00 million, or 69.0%, increase in spend-based fees from ₹6,946.20 million for fiscal 2017 to ₹11,738.20 million for fiscal 2018, primarily driven by a 76.1% increase in total credit card spends. (ii) a ₹2,717.22 million, or 66.9%, increase in instance-based fees, from ₹4,062.09 million for fiscal 2017 to ₹6,779.31 million for fiscal 2018, primarily driven by 37.0% increase in the number of our total credit cards outstanding as well as changes in our schedule of fees, and (iii) a ₹1,147.59 million, or 54.5%, increase in subscription based fees from ₹2,107.57 million for fiscal 2017 to ₹3,255.16 million for fiscal 2018, driven by 37.0% increase in the number of our total credit cards outstanding.

- *Service charges*: our income derived from service charges increased by ₹262.74 million, or 49.3%, from ₹533.39 million, for fiscal 2017 to ₹796.13 million for fiscal 2018, primarily as a result of a 76.1% increase in total credit card spends and a 37.0% increase in the number of our total credit cards outstanding in fiscal 2018 as compared to fiscal 2017.

- *Business development incentive income*: our business development incentive income increased by ₹745.11 million, or 84.4%, from ₹883.29 million, for fiscal 2017 to ₹1,628.40 million for fiscal 2018, primarily as a result of a 76.1% increase in total credit card spends and a 37.0% increase in the number of our total credit cards outstanding in fiscal 2018 as compared to fiscal 2017, which resulted in us meeting our incentive targets under our business development incentive agreements with the payment networks.

- *Insurance commission income*: our insurance commission income increased by ₹24.85 million, or 51.9%, from ₹47.90 million, for fiscal 2017 to ₹72.75 million for fiscal 2018, primarily as a result of a 37.0% increase in the number of our total credit cards outstanding in fiscal 2018 as compared to fiscal 2017.

Other Income

Our other income increased by ₹583.82 million, or 46.8%, from ₹1,248.35 million for fiscal 2017 to ₹1,832.17 million for fiscal 2018, primarily due to (i) a ₹514.19 million, or 42.2%, increase in bad debts recovered, from ₹1,218.36 million, for fiscal 2017 to ₹1,732.55 million for fiscal 2018, primarily due to a 40.4% increase in the average amounts of our credit card receivables, and (ii) a ₹76.33 million increase in other interest income as a result of the accounting effects of the merger between SBIBPMSL and SBICPSL in fiscal 2018. For more information, see "***Factors Affecting the Comparability of Our Results of Operations – Business combinations***" on page 328.

Total income

Our total income increased by ₹18,991.54 million, or 54.7%, from ₹34,710.38 million for fiscal 2017 to ₹53,701.92 million for fiscal 2018, primarily due to the factors mentioned above.

Total expenses

Our total expenses increased by ₹15,514.32 million, or 53.5%, from ₹28,994.15 million for fiscal 2017 to ₹44,508.47 million for fiscal 2018. This increase was a result of the following factors:

- *Finance costs*: our finance costs increased by ₹1,830.79 million, or 34.6%, from ₹5,284.32 million for fiscal 2017 to ₹7,115.11 million for fiscal 2018, primarily due to a 38.5% increase in the average volume of our borrowings and debt securities in line with our increase in average receivables. This increase was partly offset by a 20 basis points decrease in the interest rate on our average borrowings and debt securities in fiscal 2018 compared to fiscal 2017.

- *Employee benefits expenses*: our employee benefits expenses increased by ₹977.82 million, or 102.6%, from ₹953.07 million, for fiscal 2017 to ₹1,930.88 million for fiscal 2018, primarily due to (i) the accounting effects of the merger between SBIBPMSL and SBICPSL in fiscal 2018, as our fiscal 2018 financial statements reflect 3.5 months of employee benefits expenses totaling ₹636.98 million, without a corresponding amount in fiscal 2017, (ii) a 18.9% increase in the average number of employees in fiscal 2018 as compared to fiscal 2017, in line with the expansion of our business activities, and (iii) annual employees salary increases. For more information, see "***Factors Affecting the Comparability of Our Results of Operations – Business combinations***" on page 328.

- *Depreciation, amortization and impairment*: our depreciation, amortization and impairment expenses increased by ₹197.00 million, from ₹47.93 million, for fiscal 2017 to ₹244.93 million for fiscal 2018, primarily as a result of (i) the accounting effects of the merger between SBIBPMSL and SBICPSL in fiscal 2018, as our fiscal 2018 financial statements reflect 3.5 months of depreciation, amortization and impairment expenses totaling ₹122.78 million, without a corresponding amount in fiscal 2017, and (ii) an increase in our fixed asset base in line with the expansion of our business activities. For more information, see "***Factors Affecting the Comparability of Our Results of Operations – Business combinations***" on page 328.

- *Operating and other expenses*: our operating and other expenses increased by ₹9,800.47 million, from ₹17,318.75 million for fiscal 2017 to ₹27,119.22 million for fiscal 2018.

  The following table shows a breakdown of our operating and other expenses for the periods indicated:

	Year ended March 31,		
	2017	**2018**	**% change**
	(₹ in millions, except percentages)		
Operating and other expenses	**17,318.75**	**27,119.22**	**56.6%**
Sales promotion costs	6,101.68	12,025.69	97.1%
Reward points redemption	2,225.35	3,015.84	35.5%

	Year ended March 31,		
	2017	2018	% change
	(₹ in millions, except percentages)		
Card transaction charges	1,376.59	2,105.56	53.0%
Processing charges (SBIBPMSL)	4,609.27	4,387.56	(4.8)%
All other costs[(1)]	3,005.86	5,584.57	85.8%

(1) All other costs include communication costs, collection charges, power and fuel, printing, postage and stationery costs, professional and consulting fees, advertising costs, IT data processing cost, short and variable lease expenses, among other costs. See note 32 to our Restated Financial Statements included in this Draft Red Herring Prospectus for more information.

This increase in operating and other expenses was primarily due to (i) a ₹5,924.01 million, or 97.1%, increase in sales promotion costs in fiscal 2018 as compared to fiscal 2017, as a result of an increase in promotional expenses relating to new cardholder acquisitions and to stimulate increases in credit card transaction volumes, (ii) a 85.8% increase in all other costs, from ₹3,005.86 million in fiscal 2017 to ₹5,584.57 million in fiscal 2018, primarily due to the accounting effects of the merger between SBIBPMSL and SBICPSL in fiscal 2018, (iii) a ₹790.49 million, or 35.5%, increase in rewards redemption costs in fiscal 2018 as compared to fiscal 2017, driven by a 53.6% increase in retail credit card spends, and (iv) a ₹728.97 million, or 53.0%, increase in credit card transaction costs in fiscal 2018 as compared to fiscal 2017, as a result of a 76.1% increase in total credit card spends.

- *CSR expenses*: our CSR expenses increased by ₹27.36 million, or 38.9%, from ₹70.39 million, for fiscal 2017 to ₹97.75 million for fiscal 2018, driven by an increase in our average profits for the three prior years.

- *Impairment losses & bad debts*: our impairment losses & bad debts expenses increased by ₹2,680.89 million, or 50.4%, from ₹5,319.69 million, for fiscal 2017 to ₹8,000.58 million for fiscal 2018, primarily due to (i) a ₹1,570.03 million, or 35.7% , increase in bad debts written off resulting from a 40.4% increase in the average size of our credit card receivables portfolio as well as deterioration in our overall impairment allowance rates from 3.60% as on March 31, 2018 compared to 3.13% as on March 31, 2017 resulting from higher credit stress in certain portfolio segments, and (ii) a ₹1,116.03 million increase in impairment loss allowance resulting from a deterioration in our overall impairment allowance rates from 3.60% as on March 31, 2018 compared to 3.13% as on March 31, 2017 resulting from higher credit stress in certain portfolio segments.

Profit before tax

Our profit before tax increased by ₹3,477.22 million, or 60.8%, from ₹5,716.23 million for fiscal 2017 to ₹9,193.45 million for fiscal 2018, primarily due to the factors mentioned above.

Tax expense

Tax expense increased by ₹1,194.38 million, or 60.1%, from ₹1,987.64 million for the for fiscal 2017 to ₹3,182.02 million for fiscal 2018, primarily due to a ₹3,477.22 million, or 60.8%, increase in our profit before tax.

Profit after tax

Our profit after tax increased by ₹2,282.84 million, or 61.2%, from ₹3,728.59 million for fiscal 2017 to ₹6,011.43 million for fiscal 2018, primarily due to the factors mentioned above.

Cash Flows

The table below sets forth information regarding our cash flows for the periods indicated:

	For the six months ended September 30,		For the year ended March, 31		
	2018	2019	2017	2018	2019
			(₹ in millions)		
Cash flow from operating activities	(9,894.37)	(37,696.90)	(22,348.80)	(28,770.89)	(23,649.43)
Cash flow from investing activities	(215.88)	(279.73)	(8.45)	(314.85)	(723.90)
Cash flow from financing activities................................	11,807.48	35,136.14	22,442.30	29,349.00	27,414.33
Net increase/(decrease) in cash and cash equivalents ..	1,697.23	(2,840.49)	85.05	263.25	3,041.00
Cash and cash equivalents as at beginning of the year	4,726.76	7,767.75	2,744.41	2,829.47	4,726.76
Cash and bank balances on account of Amalgamation ..	-	-	-	1,634.05	-
Cash and cash equivalents as at the end of the period..	6,423.99	4,927.26	2,829.47	4,726.76	7,767.75

Cash flow from operating activities

Net cash used in operating activities in the six months ended September 30, 2019 was ₹37,696.90 million. The negative cash flow was due to a ₹50,965.53 million increase in loans extended to our cardholders reflecting a 34.8% increase in the average amounts of our credit card receivables in the six months ended September 30, 2019 as compared to the six months ended September 30, 2018. This effect was partially offset by ₹22,665.77 million in cash generated by our operating profit before working capital changes in the six months ended September 30, 2019.

Net cash used in operating activities in the six months ended September 30, 2018 was ₹9,894.37 million. The negative cash flow was due to a ₹21,418.77 million increase in loans extended to our cardholders reflecting an increase in the average amounts of our credit card receivables in the six months ended September 30, 2018 as compared to the six months ended September 30, 2017. This effect was partially offset by ₹15,881.49 million in cash generated by our operating profit before working capital changes in the six months ended September 30, 2018.

Net cash used in operating activities in fiscal 2019 was ₹23,649.43 million. The negative cash flow was due to (i) a ₹50,109.30 million increase in loans extended to our cardholders reflecting a 33.0% increase in the average amounts of our credit card receivables in fiscal 2019 as compared to fiscal 2018, and (ii) ₹8,946.21 million in finance cost paid on borrowings to fund the receivables . This effect was partially offset by ₹35,568.35 million in cash generated by our operating profit before working capital changes in fiscal 2019.

Net cash used in operating activities in fiscal 2018 was ₹28,770.89 million. The negative cash flow was due to a ₹48,627.47 million increase in loans extended to our cardholders reflecting a 40.4% increase in the average amounts of our credit card receivables in fiscal 2018 as compared to fiscal 2017. This effect was partially offset by ₹24,490.42 million in cash generated by our operating profit before working capital changes in fiscal 2018.

Net cash used in operating activities in fiscal 2017 was ₹22,348.80 million. The negative cash flow was due to a ₹33,292.79 million increase in loans extended to our cardholders reflecting an increase in the average amounts of our credit card receivables in fiscal 2017 as compared to fiscal 2016. This effect was partially offset by ₹16,341.70 million in cash generated by our operating profit before working capital changes in fiscal 2017.

Cash flow from investing activities

Net cash used in investing activities in the six months ended September 30, 2019 was ₹279.73 million. This negative cash flow was primarily due to ₹311.82 million in capital expenditure on plant, property and equipment of to meet business growth. There was net impact of ₹3.11 million on account sale and purchase of short term investments in ordinary course of business.

Net cash used in investing activities in the six months ended September 30, 2018 was ₹215.88 million. This negative cash flow was primarily due to ₹269.87 million in capital expenditure on plant, property and equipment of to meet business growth. There was net impact of ₹14.04 million on account sale and purchase of short term investments in ordinary course of business.

Net cash used in investing activities in fiscal 2019 was ₹723.90 million. This negative cash flow was primarily due to ₹927.22 million in capital expenditure on plant, property and equipment of to meet business growth. There was net impact of ₹10.79 million on account sale and purchase of short term investments in ordinary course of business.

Net cash used in investing activities in fiscal 2018 was ₹314.85 million. This negative cash flow was primarily due to ₹352.60 million in capital expenditure on plant, property and equipment of to meet business growth. There was net impact of ₹5.37 million on account sale and purchase of short term investments in ordinary course of business.

Net cash used in investing activities in fiscal 2017 was ₹8.45 million. This negative cash flow was primarily due to ₹12.84 million in capital expenditure on plant, property and equipment of to meet business growth. There was net impact of ₹4.33 million on account sale and purchase of short term investments in ordinary course of business.

Cash flow from financing activities

Net cash generated from financing activities in the six months ended September 30, 2019 was ₹35,136.14 million. This positive cash flow was primarily due to ₹123,589.37 million in proceeds obtained from debt securities and ₹12,236.43 million in proceeds obtained from borrowings other than debt securities to finance the increase in the average amounts of our credit card receivables in the six months ended September 30, 2019. These effects were partially offset by ₹99,893.12 million used to repay amounts due under our debt securities.

Net cash generated from financing activities in the six months ended September 30, 2018 was ₹11,807.48 million. This positive cash flow was primarily due to ₹113,593.25 million in proceeds obtained from debt securities and ₹24,037.89 million in proceeds obtained from borrowings other than debt securities to finance the increase in the average amounts of our credit card receivables in the six months ended September 30, 2018. These effects were partially offset by ₹130,353.97 million used to repay amounts due under our debt securities.

Net cash generated from financing activities in fiscal 2019 was ₹27,414.33 million. This positive cash flow was primarily due to ₹199,283.50 million in proceeds obtained from debt securities and ₹9,128.34 million in proceeds obtained from borrowings other than debt securities to finance the increase in the average amounts of our credit card receivables in fiscal 2019. These effects were partially offset by ₹187,351.38 million used to repay amounts due under our debt securities.

Net cash generated from financing activities in fiscal 2018 was ₹29,349.00 million. This positive cash flow was primarily due to ₹221,008.57 million in proceeds obtained from debt securities and ₹71,055.27 million in proceeds obtained from borrowings other than debt securities to finance the increase in the average amounts of our credit card receivables in fiscal 2018. These effects were partially offset by ₹266,228.38 million used to repay amounts due under our debt securities.

Net cash generated from financing activities in fiscal 2017 was ₹22,442.30 million. This positive cash flow was primarily due to ₹234,766.47 million in proceeds obtained from debt securities to finance the increase in the average amounts of our credit card receivables in fiscal 2017. These effects were partially offset by ₹187,257.75 million used to repay amounts due under our debt securities and ₹26,077.39 million used to repay amounts due under our borrowings other than debt securities.

Liquidity and Capital Resources

As of September 30, 2019, and March 31, 2019, our cash and bank balances were ₹4,927.26 million and ₹7,767.75 million, respectively. As of September 30, 2019, and March 31, 2019, our undrawn borrowing facilities totaled ₹25,460.57 million and ₹36,826.37 million, respectively.

Our primary liquidity and funding need is to fund the growth of our advances to credit card customers, while our secondary need is to pay interest on our indebtedness. Our primary sources of funding and liquidity have historically included working capital facilities from banks, issuance of debt securities (including bonds, non-convertible debentures and commercial paper), as well as our shareholders' equity. As of the date of the Draft Red Herring Prospectus, our long-term debt rating is AAA" by CRISIL and "AAA" by ICRA, each with a stable outlook and short-term rating is "A1+" by CRISIL and ICRA.

We have a mix of long-term and short-term funding sources as part of our asset-liability management strategy. Our long-term funding sources are primarily bonds as well as subordinated debt securities issued by us. Our short-term funding sources include commercial paper, borrowings from banks through working capital loans, cash credit facilities, foreign currency bank loans and LIBOR-linked loans, which in the aggregate, collectively represented 79% and 73% of our total funding as of September 30, 2019 and March 31, 2019, respectively. Our funding structure also contains revolving credit facilities designed to accommodate short-term fluctuations in our credit card and installment credit receivables, which aims to mitigate our liquidity risks.

We expect to have sufficient liquidity for our present as well for anticipated requirements for capital expenditure and working capital for 12 months following the date of this Draft Red Herring Prospectus. However, although we believe that our expected cash flows from operating activities, together with available borrowings will be adequate to meet our anticipated general liquidity needs and debt service obligations, we cannot assure you that our business will generate sufficient cash flows from operations to meet these needs or that future debt or equity financing will be available to us in an amount sufficient to enable us to fund our liquidity needs. If our cash flows from operating activities are lower than expected or our capital expenditure requirements exceed our projections, we may be required to seek additional financing, which may not be available on commercially reasonable terms, if at all. Our ability to arrange financing generally and the cost of our current and future debt obligations depends on numerous factors, including general economic conditions, the availability of credit from banks, other financial institutions and capital markets, restrictions in instruments governing our debt, and our general financial performance.

The following table sets forth the average balance and range of interest rates in our liquidity portfolio for the periods indicated.

	For the year ended March 31,									For the six months ended September 30,					
	2017			2018			2019			2018			2019		
	Average Balance	**Percentage of Total**	**Interest Rate (Range)**	**Average Balance**	**Percentage of Total**	**Interest Rate (Range)**	**Average Balance**	**Percentage of Total**	**Interest Rate (Range)**	**Average Balance**	**Percentage of Total**	**Interest Rate (Range)**	**Average Balance**	**Percentage of Total**	**Interest Rate (Range)**
	(₹ millions, except percentages)														
Debt Securities	51,315	72.20%	6.35% to 9.16%	52,294	53.14%	6.48% to 8.50%	35,141	28.04%	6.80% to 9.50%	20,737	17.62%	6.80% to 8.90%	52,881	34.03%	5.45% to 9.50%
Borrowings (Other than Debt Securities)	15,366	21.62%	8.75% to 9.30%	38,427	39.05%	5.75% to 8.90%	79,202	63.20%	7.25% to 8.70%	86,993	73.90%	7.65% to 8.45%	90,292	58.11%	7.50% to 8.70%
Subordinated Liabilities	4,390	6.18%	8.10% to 9.95%	7,685	7.81%	8.10% to 9.95%	10,974	8.76%	8.10% to 9.85%	9,981	8.48%	8.10% to 9.85%	12,216	7.86%	8.10% to 9.65%
Total*	**71,071**	**100.00%**	**7.44%**	**98,406**	**100.00%**	**7.23%**	**125,317**	**100.00%**	**8.12%**	**117,711**	**100.00%**	**7.92%**	**155,389**	**100.00%**	**8.00%**

* Does not include trade payables and other payables amounting to ₹913.41 million as of September 30, 2019 and other financial liabilities (comprised of payables to payment networks, unclaimed customer balances and interest accrued but unpaid on our indebtedness) amounting to ₹10,494.31 million as of September 30, 2019.

Debt securities

We obtain funds from the issuance of debt securities (comprising commercial paper and debentures). We actively issue, and continue to issue, commercial papers. The maturity for our commercial paper ranges from 7 days to 365 days. As of September 30, 2019, twenty-three tranches of commercial papers were outstanding. These twenty-three tranches were issued during fiscal 2020 at fixed coupon rates ranging from 5.75% to 7.95%.

With respect to debt securities (excluding commercial paper), we have issued six tranches, all of which were outstanding as at September 30, 2019. These tranches were issued between fiscals 2017 and 2020 at fixed coupon rates ranging from 7.55% to 9.50%. As of September 30, 2019, we had ₹64,968.22 million in aggregate principal amount of debt securities outstanding.

The following table sets forth the details of our debt securities (comprising commercial paper, debentures and other debt securities) as of September 30, 2019:

	As of September 30, 2019		
Category	**Interest Rate**	**Maturity Date**	**Amount Outstanding**
	(₹ in millions, except percentages)		
Commercial Paper	7.94%	27-Dec-19	2,454.73
Commercial Paper	7.50%	13-Mar-20	1,935.62
Commercial Paper	7.42%	6-Dec-19	4,934.85
Commercial Paper	7.95%	29-Jun-20	2,361.69
Commercial Paper	6.70%	16-Oct-19	2,493.16
Commercial Paper	7.75%	6-Jul-20	2,361.21
Commercial Paper	6.45%	17-Oct-19	2,991.57
Commercial Paper	6.45%	17-Oct-19	498.59
Commercial Paper	6.45%	17-Oct-19	498.59
Commercial Paper	6.45%	17-Oct-19	4,985.96
Commercial Paper	7.00%	27-Dec-19	2,459.11
Commercial Paper	7.00%	27-Dec-19	491.82
Commercial Paper	7.00%	27-Dec-19	491.82
Commercial Paper	6.95%	16-Dec-19	1,478.64
Commercial Paper	5.95%	11-Nov-19	1,490.00
Commercial Paper	5.95%	6-Nov-19	994.15
Commercial Paper	6.04%	6-Nov-19	497.03
Commercial Paper	6.04%	6-Nov-19	497.03
Commercial Paper	6.59%	11-Mar-20	2,428.68
Commercial Paper	6.60%	11-Mar-20	1,457.13
Commercial Paper	7.00%	26-Jun-20	2,851.86
Commercial Paper	5.75%	29-Nov-19	990.66
Commercial Paper	5.75%	29-Nov-19	1,981.31
Debentures	7.55%	7-Aug-20	4,999.53
Debentures	8.10%	10-May-21	1,099.75
Debentures	8.90%	18-May-20*	3,999.06
Debentures	9.50%	16-Oct-20	4,999.92
Debentures	9.15%	17-Jun-22	4,497.54
Debentures	8.55%	12-Aug-22	1,747.21
Total			**64,968.22**

* Repayable upon demand pursuant to a call and put option exercisable in May 2020.

Borrowings

Our borrowings consist of funds obtained from secured and unsecured credit facilities, working capital loans, lease liabilities and lease obligations entered with third-party financial institutions located inside and outside of India. As of September 30, 2019, we had twenty-one credit facilities outstanding (excluding lease liabilities). These credit facilities were entered during fiscal 2020 at fixed interest rates ranging from 7.54% to 8.40%. As of September 30, 2019, we had ₹96,841.68 million in aggregate principal amount of credit facilities outstanding.

The following table sets forth the details of our outstanding secured and unsecured credit facilities, working capital loans, lease liabilities and lease obligations as of September 30, 2019:

		As of September 30, 2019		
Category	**Lending Institution**	**Interest Rate**	**Maturity Date**	**Amount Outstanding**
		(₹ in millions, except percentages)		
Working Capital Loan	State Bank of India	7.80%	01-Oct-19	7,000.00
Working Capital Loan	State Bank of India	7.80%	03-Oct-19	13,250.00
Working Capital Loan	State Bank of India	7.80%	28-Nov-19	5,000.00
Working Capital Loan	State Bank of India	7.80%	03-Dec-19	7,750.00
Working Capital Loan	State Bank of India	7.80%	23-Oct-19	10,000.00
Working Capital Loan	State Bank of India	7.80%	22-Nov-19	5,000.00
Working Capital Loan	State Bank of India	7.80%	16-Oct-19	5,000.00
Working Capital Loan	State Bank of India	7.80%	01-Nov-19	6,150.00
Cash Credit	State Bank of India	7.85% (1 Year RLLR)	06-Aug-20	1,644.74
FCNR-B	State Bank of India	8.01%*	29-Nov-19	2,527.47
FCNR-B	State Bank of India	7.63%*	10-Feb-20	8,968.16
FCNR-B	State Bank of India	7.54%*	14-Feb-20	5,935.31
FCNR-B	State Bank of India	7.50%**	19-Nov-19	3,956.98
FCNR-B	State Bank of India	7.72%**	22-Nov-19	1,733.35
Working Capital Loan	Central Bank of India	7.95%	04-Oct-19	1,500.00
Working Capital Loan	Central Bank of India	7.90%	04-Nov-19	2,000.00
Cash Credit	Central Bank of India	8.25% (1 Year MCLR)	18-Sep-20***	(0.45)
Working Capital Loan	Punjab National Bank	8.30%	26-Jun-20	3,000.00
Working Capital Loan	Punjab National Bank	8.30%	04-Oct-19	2,000.00
Cash Credit	Punjab National Bank	8.30% (1 Year MCLR)	12-Sep-20***	(0.95)
Cash Credit	Bank of Baroda	8.40% (1 Year MCLR)	22-Sep-20***	2,499.60
Lease Liabilities	Miscellaneous	8.15%-8.75%	Miscellaneous	1,927.46
Total				**96,841.68**

* 6M LIBOR + spread + hedging cost.
** 3M LIBOR + spread + hedging cost.
*** Repayable upon demand.

Subordinated liabilities

We obtain funds from the issuance of unsecured non-convertible subordinated debt securities, which qualify as Tier II risk-based capital under the RBI's guidelines for assessing capital adequacy. We have issued 12 tranches of subordinated debt securities, of which six were outstanding as at September 30, 2019. These six tranches were issued between fiscals 2014 and 2019 at fixed coupon rates ranging from 8.10% to 9.65%. As of September 30, 2019, we had ₹12,463.54 million in aggregate principal amount of subordinated debt outstanding.

The following table sets forth the details of our unsecured non-convertible subordinated debt securities as of September 30, 2019:

	As of September 30, 2019		
Issuance Date	**Interest Rate**	**Maturity Date**	**Amount Outstanding**
	(₹ in millions, except percentages)		
26-11-2014	9.00%	26-11-2021	999.20
25-02-2016	9.65%	25-04-2022	997.93
17-10-2016	8.10%	17-10-2023	1,997.60
17-07-2017	8.30%	17-05-2023	4,992.14
29-01-2019	9.55%	29-01-2029	2,484.04
12-06-2019	8.99%	12-06-2029	992.63
Total			**12,463.54**

Restrictive covenants

We are subject to various covenants under our existing financing documents relating to our borrowing arrangements, which contain certain restrictive covenants. For a description of the restrictive covenants under our financing documents, see "***Financial Indebtedness***" on page 322.

We are currently in compliance with the financial covenants contained in our existing financing documents.

Capital Adequacy Requirements

As an NBFC-ND-SI, we are subject to regulations relating to the capital adequacy, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio and of the risk adjusted value of off-balance sheet items, as applicable. As per the capital adequacy norms issued by the RBI, our capital to risk ratio consisting of tier I and tier II capital should not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The tier I capital in respect of an NBFC-ND-SI, at any point of time, is required to be not be less than 10%. As of September 30, 2019, our CRAR was 19.00%, of which Tier I capital was 14.76%.

Tier II capital includes, among other things, provisions on standard assets (non-delinquent customers) as per extant norms issued by RBI and unsecured subordinated debt which may not be redeemed prior to maturity. Subordinated debt amount will be recognized as Tier II capital up to an amount equal to 50% of Tier I capital. Subordinated debt that qualifies for Tier II capital treatment is generally subject to amortization of such capital treatment at an annual rate of 20%, commencing five years prior to the applicable maturity date of such debt. Deductions include, among other things, deferred tax assets.

For a description of the RBI's capital adequacy guidelines, see "***Key Regulations and Policies in India – Capital Adequacy Requirements***" on page 154.

The following table sets forth the risk-based capital, risk-weighted assets and risk-based capital adequacy ratios (as of March 31 2017, 2018 and 2019 and September 30, 2019) computed in accordance with the RBI Guidelines.

	As of March 31,			As of September 30,	
	2017	2018	2019	2018	2019
	(₹ in millions, except percentages)				
Tier I Capital	11,515.88	18,279.20	27,541.52	25,681.58	34,098.53
Of which					
– Innovative perpetual debt instruments	-	-	-	-	-
Tier II Capital	4,502.57	8,636.92	9,822.93	7,832.07	9,800.02
Of which					
– Subordinated debt instruments	4,100.00	8,070.62	9,100.00	7,200.00	8,900.00
Total Capital	16,018.46	26,916.11	37,364.46	33,513.65	43,898.55
Total risk weighted assets and contingents	102,129.46	147,259.46	186,906.65	163,783.96	231,022.98
Capital adequacy ratios:					
Tier I capital adequacy ratio	11.28%	12.41%	14.74%	15.68%	14.76%
Tier II capital adequacy ratio	4.41%	5.87%	5.26%	4.78%	4.24%
Total capital adequacy ratio	**15.68%**	**18.28%**	**19.99%**	**20.46%**	**19.00%**
Minimum capital adequacy ratios required by the RBI:					
Tier I capital adequacy ratio	10.00%	10.00%	10.00%	10.00%	10.00%
Total capital adequacy ratio	15.00%	15.00%	15.00%	15.00%	15.00%

Our Loans and Advances Portfolio

As of March 31, 2019 and September 30, 2019, our gross loans and advances portfolio was ₹185,262.94 million and ₹230,383.10 million, respectively. As of March 31, 2019 and September 30, 2019, all of our gross loans and advances were to customers located in India and denominated in Rupees.

The following table sets forth our gross loans and advances portfolio for the specified periods

	For the year ended March 31,						For the six months ended September 30,			
	2017		**2018**		**2019**		**2018**		**2019**	
	Balance	**% of Total**	**Balance**	**% of Total**	**Balance**	**% of Total**	**Balance**	**% of Total**	**Balance**	**% of Total**
	(₹ in millions, except percentages)									
Loans and advances to customers										
To be realized within twelve months from reporting date	96,582.29	94%	132,269.14	91%	165,986.29	90%	148,326.92	91%	206,935.79	90%
To be realized after twelve months from reporting date	6,469.68	6%	13,428.85	9%	19,276.64	10%	14,261.38	9%	23,447.31	10%
Total gross loans and advances	**103,051.97**	**100 %**	**145,697.99**	**100 %**	**185,262.94**	**100 %**	**162,588.30**	100%	**230,383.10**	**100 %**
Less: Impairment loss allowance	(3,223.46)		(5,242.60)		(6,175.66)		(5,929.00)		(7,588.27)	
Total net loans and advances	**99,828.51**		**40,455.39**		**179,087.27**		**156,659.30**		**222,794.83**	

Portfolio Credit Quality

We classify our credit risk exposure into high, medium and low risk categories. We employ an internal credit risk grading model which is supplemented by external data such as credit bureau scoring information, financials statements and payment history that reflects our estimates of probabilities of defaults of individual counterparties and we apply blocks on accounts based on activity pattern of the borrower.

- Stage 1: includes accounts that have not had a significant increase in credit risk since initial recognition or have low credit risk at the reporting date. Twelve-month expected credit losses are recognized and interest revenues calculated on the gross carrying amount of the asset

- Stage 2: Includes accounts that have had a significant increase in credit risk since initial recognition but that does not have objective evidence of impairment. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the card.

- Stage 3: includes accounts that have objective evidence of impairment as of the reported date. Lifetime expected credit loss is calculated for such accounts.

We maintain provisions for credit losses at levels that we believe to be appropriate to provide for incurred losses in our credit card receivables portfolio.

The following table sets forth the details of our credit card receivables portfolio by credit quality as of the dates indicated:

	As of March 31,			As of September 30,	
	2017	**2018**	**2019**	**2018**	**2019**
	(₹ in millions, except percentages)				
Advances					
Stage 1 & Stage 2...........	100,642.94	141,573.02	180,733.45	158,017.59	225,004.70
Stage 3	2,409.02	4,124.97	4,529.49	4,570.71	5,378.41
Total Advances	**103,051.97**	**145,697.99**	**185,262.93**	**162,588.30**	**230,383.10**
Provisions					
Stage 1 & Stage 2...........	1,587.77	2,465.19	3,164.34	2,854.39	3,983.92
Stage 3.............................	1,635.70	2,777.40	3,011.33	3,074.61	3,604.35
Total Advances	**3,223.46**	**5,242.60**	**6,175.66**	**5,929.00**	**7,588.27**
Provision Rate					
Stage 1 & Stage 2............	1.58%	1.74%	1.75%	1.81%	1.77%
Stage 3.............................	67.90%	67.33%	66.48%	67.27%	67.02%
Overall Rate....................	**3.13%**	**3.60%**	**3.33%**	**3.65%**	**3.29%**
Gross NPAs[(1)]	2,409.02	4,124.97	4,529.49	4,570.71	5,378.41
Gross NPA Ratio[(2)]	2.34%	2.83%	2.44%	2.81%	2.33%
Net NPAs[(3)].....................	773.32	1,347.57	1,518.16	1,496.10	1,774.05
Net NPAs Ratio[(4)]...........	0.76%	0.94%	0.83%	0.94%	0.78%
Provision coverage ratio[(5)].............................	67.90%	67.33%	66.48%	67.27%	67.02%

(1) Gross NPA is defined as the amount of Stage 3 assets.
(2) Gross NPA ratio is calculated as gross NPAs over total gross loans.
(3) Net NPA is defined as the amount of Stage 3 assets net of provisions on Stage 3 assets.
(4) Net NPA ratio is calculated as net NPAs over total gross loans reduced by Stage 3 assets.
(5) Provision coverage ratio is calculated as total provisions on Stage 3 assets divided by total Stage 3 assets.

Capital Expenditure

For fiscals 2017, 2018 and 2019, our capital expenditures (including right of use assets) were ₹81.30 million, ₹1,352.90 million and ₹1,437.28 million, respectively. For the six months ended September 30, 2019, our capital expenditures were ₹818.74 million and for the six months ended September 30, 2018 our capital expenditures were ₹437.34 million. All of our capital expenditures were incurred to acquire various class of tangible and intangible fixed assets.

Contractually committed capital expenditures amounted to ₹39.10 million as of September 30, 2019 and ₹210.21 million as of March 31, 2019.

Contractual Obligations

The following table sets forth the principal amount of our material contractual obligations as of September 30, 2019:

	Obligations due by period, as of September 30, 2019					
	Fiscal 2020	**Fiscal 2021**	**Fiscal 2022**	**Fiscal 2023**	**After Fiscal 2023**	**Total**
	(₹ in millions)					
Debt securities..........................	36,050.46	21,573.26	1,099.75	6,244.75	-	64,968.22
Borrowings (other than debt securities)................................	91,914.22	3,000.00	-	-	-	94,914.22
Subordinated liabilities	-	-	999.20	997.93	10,466.42	12,463.54
Other financial liabilities..........	10,069.70	-	-	-	424.61	10,494.31
Total[1]......................................	**138,034.38**	**24,573.26**	**2,098.95**	**7,242.67**	**10,891.02**	**182,840.28**

(1) Does not include contractually committed capital expenditures amounting to ₹39.10 million as of September 30, 2019.

In addition, we have also entered into several office leases and equipment leases. The table below sets forth our contractual maturities of lease liabilities on as undiscounted basis as of September 30, 2019:

	Obligations due by period, as of September 30, 2019			
	Less than 1 year	**1-5 years**	**After 5 years**	**Total**
	(₹ in millions)			
Lease liabilities	612.17	1,640.15	16.47	2,268.79

Off-Balance Sheet Arrangements, Contingent Liabilities and Derivative Instruments

We have unused credit available to our customers as part of established credit card agreements. Total unused credit available to customers does not represent potential future cash requirements, as a significant portion of this unused credit will likely not be drawn and because we have the right to change customer credit limits.

The following table sets forth, as at the dates indicated, the values of our off-balance sheet arrangements and contingent liabilities:

	As of 31 March,			As of September 30,	
	2017	**2018**	**2019**	**2018**	**2019**
	(₹ in millions)				
Claims against us not recognized as debt					
Demand notices from service tax department[1].......	251.90	361.43	375.10	360.49	383.74
Claims against us in the ordinary course of business[2]..	54.19	102.27	119.81	98.72	167.31
Guarantees[3]	0.20	2.70	52.70	52.70	62.70
Demand notice from Income Tax Department[4]......	-	7.27	7.27	7.27	7.27
Contribution notice from ESIC[5]............................	-	-	32.74	-	32.74
Total...	**306.29**	**473.67**	**587.62**	**519.18**	**653.76**

(6) Relates to demand notices received from service tax/GST department on assessment of the returns submitted.
(7) Relates to legal claims filed against us by our customers in the ordinary course of business.
(8) Relates to performance guarantees issued by us in favor of certain government authorities for regulatory purposes and in favor of payment networks.
(9) Relates to demand notices received from India's Income Tax Authority on assessment of tax returns filed by us.
(10) Represents contribution notices received from India's Employees' State Insurance Corporation following completion of their audit.

For further information, see note 45 to our Restated Financial Statements included in this Draft Red Herring Prospectus.

In the normal course of business, we use derivative instruments to manage our exposure to fluctuations in foreign currency loans and interest payments thereon. Foreign exchange forward contracts are entered for hedging purposes only.

The following table sets forth the contracted obligations of derivative instruments as at the dates indicated.

	As of 31 March,			As of September 30,	
	2017	2018	2019	2018	2019
			(₹ in millions)		
Foreign exchange forward contracts.....	-	10,012.32	14,434.38	33,764.49	23,951.21
Total..	**-**	**10,012.32**	**14,434.38**	**33,764.49**	**23,951.21**

Key Performance Indicators and Other Unaudited Financial Data

We utilize a set of non-financial and financial key performance indicators which our management reviews frequently in evaluating of the performance of our business. Therefore, our management believes that the presentation of these key performance indicators in this Draft Red Herring Prospectus are important to understanding our performance from period to period and also have a direct impact on our results of operations.

These key performance indicators may not be compatible with similarly titled metrics presented by others in our industry. These indicators are not intended to be a substitute for, or superior to, any measures of performance prepared in accordance with Ind AS.

We set forth below some of our key performance indicators for the periods under review.

Credit cards

	As of and for the year ended March 31,			As of and for the six months ended September 30,	
	2017	2018	2019	2018	2019
Credit cards					
Total cards outstanding (millions)[(1)]	4.57	6.26	8.27	7.03	9.46
Premium cards (%)[(2)]	15.7%	15.5%	14.8%	15.4%	14.2%
Average total cards outstanding (millions)[(3)].......	4.09	5.41	7.26	6.64	8.87
Total income as a proportion of average total cards outstanding (₹)[(4)]..................	8,477	9,920	10,030	10,060	10,551
Net card additions (millions)[(5)]	0.95	1.69	2.01	0.77	1.19
Total Cards outstanding from open market channels (%)[(6)]...................................	66.7%	62.2%	59.4%	59.0%	58.5%
total cards outstanding from bank (SBI) distribution channels (%)[(7)].....................	33.3%	37.8%	40.6%	41.0%	41.5%
Average credit limit (₹ thousands) [(8)]........................	77	71	80	76	83
Market share of total cards outstanding (%)[(9)]	15.3%	16.7%	17.6%	16.8%	18.0%

(1) We calculate total cards outstanding as the sum of all credit cards issued by us, including temporarily suspended credit cards that may be reactivated in future, net of cancelled and deactivated credit cards.
(2) Percentage of premium cards is calculated by dividing the sum of all premium credit cards outstanding by total cards outstanding. Premium cards comprise credit cards that have annual fee of ₹1,499 and above.
(3) We calculate average total cards outstanding as the two-point average of receivables as of the opening and closing dates

of the period.

(4) We calculate total income as a proportion of average total cards outstanding by dividing the total income by average total cards outstanding for the period.
(5) We calculate net cards additions by subtracting the total cards outstanding for the prior period from the total cards outstanding for the current period.
(6) Percentage of total cards outstanding from open market channel is calculated as the sum of all outstanding credit cards which have been sourced from open market customer acquisition channels, divided by total cards outstanding.
(7) Percentage of total cards outstanding from bank (SBI) distribution channel represents sum of all outstanding credit cards which have been sourced from bank (SBI) distribution channels, divided by total cards outstanding.
(8) Average credit limit is calculated by dividing the aggregate total credit limit across our total cards outstanding card by the total cards outstanding.
(9) Market share of total cards outstanding is calculated by dividing our total cards outstanding by the industry-wide total cards outstanding, as obtained from data published by the RBI.

Accounts

	As of and for the year ended March 31,			As of and for the six months ended September 30,	
	2017	2018	2019	2018	2019
Accounts					
Total accounts in force (millions)[1]	3.90	5.62	7.61	6.40	8.76
Total new-to-credit accounts (%)[2]	17.5%	21.6%	24.5%	31.1%	15.4%
Salaried cardholders (%)[3]	90.4%	89.0%	86.7%	88.2%	85.7%
Self-employed cardholders (%)[4]	9.6%	11.0%	13.3%	11.8%	14.3%
30-day active accounts (%)[5] ..	54.1%	57.0%	55.9%	56.4%	55.0%
90-day active accounts (%)[6] ..	69.0%	69.5%	67.8%	69.0%	68.5%
Total new accounts (millions)[7]	1.24	2.53	2.84	1.18	1.71

(1) Total accounts in force constitutes the sum of all of our active cardholder accounts on our books, as well as temporarily suspended cardholder accounts.
(2) Percentage of total new-to-credit accounts is calculated by dividing the sum of all credit card accounts sourced during the period for which no credit bureau records exist relating to the applicant by the sum of total accounts.
(3) Percentage of salaried cardholders is calculated by dividing the sum of all accounts for which the accountholder is employed by CAT A, B & C companies (comprising government and public sector enterprises, renowned and listed private companies as well mid and small size unlisted private and public companies) by the sum of total accounts.
(4) Percentage of self-employed cardholders is calculated by dividing the sum of all accounts for which the accountholder is not employed by CAT A, B & C companies (comprising government and public sector enterprises, renowned and listed private companies as well mid and small size unlisted private and public companies), including pensioners and retirees, by the sum of total accounts.
(5) Percentage of 30-day active accounts is calculated by dividing the sum of all accounts carrying out at least one transaction in the last 30 days by the sum of total accounts.
(6) Percentage of 90-day active accounts is calculated by dividing the sum of all accounts carrying out at least one transaction in the last 90 days by the sum of total accounts.
(7) Total new accounts is calculated as the sum of all accounts opened in a reporting period.

Credit cards spends and transactions

	As of and for the year ended March 31,			As of and for the six months ended September 30,	
	2017	2018	2019	2018	2019
Credit card spends and transactions					
Total card spends (₹ millions) [1]	434,361.09	764,895.83	1,032,648.44	472,353.80	633,504.72

	As of and for the year ended March 31,			As of and for the six months ended September 30,	
	2017	2018	2019	2018	2019
Market share of total card spends (%)[2]	13.2%	16.7%	17.1%	16.9%	17.9%
Average card spends per cards outstanding (₹)[3]......................	106,083	141,289	142,142	142,179	142,915
Total number of card transactions[4] (millions)	147.39	210.46	278.10	130.50	176.90
Average ticket size (₹) [5]	2,947	3,634	3,713	3,620	3,581
Online card spends as a proportion of total card spends (%)[6]...	34.5%	34.2%	40.1%	41.4%	38.6%

(1) Total card spends constitutes the aggregate notional amounts transacted by our cardholders in a reporting period.
(2) Market share of total card spends is calculated by dividing our total card spends by the industry-wide total card spends, as published by the RBI, for the reporting period.
(3) Average card spends per cards outstanding is calculated by dividing our total card spends by the average total cards outstanding for the period. We calculate average total cards outstanding as the two-point average of total cards outstanding as of the opening and closing dates of the period.
(4) Total number of card transactions constitutes the number of transactions carried out by our cardholders.
(5) Average ticket size is calculated by dividing the total card spends by the total number of card transactions in a period.
(6) Percentage of online card spends is calculated as the aggregate notional amounts transacted by our cardholders at online stores divided by total card spends in the reporting period.

Receivables & Net Interest Margin

	As of and for the year ended March 31,			As of and for the six months ended September 30,	
	2017	2018	2019	2018	2019
Receivables					
Loans (₹ millions) [1].................	103,051.97	145,697.99	185,262.94	162,588.30	230,383.10
Average loans per cards outstanding (₹) [2]	22,554	23,281	22,398	23,126	24,355
Term loan (equated monthly instalment) receivables (%)[3] ...	32.1%	28.9%	28.9%	30.5%	29.8%
Yield (%)[4]	21.3%	22.2%	21.6%	22.0%	21.3%
Average cost of funds (%)[5]	7.4%	7.2%	8.1%	7.9%	8.0%
Net interest margin (%)[6]	15.3%	16.5%	15.5%	16.0%	15.3%

(1) Loans comprise the total credit card receivables outstanding from our cardholders at end of the reporting period.
(2) Average loans per cards outstanding is calculated as total loans at the end of the reporting period divided by total cards outstanding during the reporting period.
(3) Percentage of term loan (equated monthly instalment) receivables is calculated as the sum of term loan (equated monthly instalment) receivables divided by total loans at end of the period.
(4) Yield percentage is calculated as interest income divided by average receivables for the period. We calculate average receivables as the two-point average of receivables as of the opening and closing dates of the period.
(5) Average cost of funds is calculated as total finance costs for the period divided by average borrowings for the period. We calculate average borrowings as the two-point average of borrowings as of the opening and closing dates of the period.
(6) For a reconciliation of net interest margin to its more directly comparable GAAP metric, see "***Certain Non-GAAP Financial Measures***" on page 359.

Return on Equity and Assets

The following table sets forth selected financial ratios for the periods indicated.

	Year ended March 31,			Six months ended September 30,	
	2017	2018	2019	2018	2019
	(₹ in millions, except percentages)				
Return on equity and assets					
Net profit after tax	3,728.59	6,011.43	8,627.19	3,766.10	7,258.82
Average total assets(1)	92,851.24	132,254.93	179,628.18	166,447.53	223,493.88
Average shareholders' equity(2)	13,103.87	19,366.96	30,389.04	28,467.82	40,173.27
ROAA(3)..	4.0%	4.5%	4.8%	4.5%	6.5%
ROAE(4)	28.5%	31.0%	28.4%	26.5%	36.1%

(1) We calculate average total assets as the two-point average of total assets as of the opening and closing dates of the period.
(2) We calculate average shareholders' equity as the two-point average of shareholders' equity as of the opening and closing dates of the period. Shareholders' equity is defined as sum of share capital, reserves and surplus excluding reserves created out of amalgamation.
(3) ROAA is calculated as net profit divided by average total assets for the period.
(4) ROAE is calculated as net profit divided by the average shareholders' equity for the period.

Certain Non-GAAP Financial Measures

The body of generally accepted accounting principles is commonly referred to as "GAAP." Our management believes that the presentation of certain non-GAAP measures provides additional useful information to investors regarding our performance and trends related to our results of operations. Accordingly, we believe that when non-GAAP financial information is viewed together with GAAP financial information, investors are provided with a more meaningful understanding of our ongoing operating performance and financial results.

We use a variety of financial and operational performance indicators to measure and analyze its operational performance from period to period, and to manage its business. Our management also uses other information that may not be entirely financial in nature, including statistical and other comparative information commonly used within the Indian credit card industry to evaluate our financial and operating performance. In addition, because we have historically reported certain non-GAAP measures to investors, our management believes that the inclusion of non-GAAP measures provides consistency in our financial reporting. For these reasons, we are including in this Draft Red Herring Prospectus information regarding net interest income, net interest margin, non-interest income, and opex-to-income ratio as well as certain other metrics based on or derived from those non-GAAP measures.

Net interest income, net interest margin, non-interest income and opex-to-income ratio are not calculated in accordance with Indian GAAP, Ind AS or IFRS, and our use of these terms may vary from the use of similarly-titled measures by other credit card issuers due to potential inconsistences in the method of calculation and differences due to items subject to interpretation. These financial and operational performance indicators have limitations as analytical tools. As a result, these financial and operational performance indicators should not be considered in isolation from, or as a substitute for, analysis of our historical financial performance, as reported under Ind AS and presented in our financial statements. Further, these financial and operational performance indicators are not defined under Ind AS, and therefore, should not be viewed as substitutes for performance or profitability measures under Ind AS. While these financial and operational performance indicators may be used by other credit card issuers and financial institutions operating in the Indian credit card industry, they may not be comparable to similar financial or performance indicators used by other credit card issuers or financial institutions.

The section below sets forth the reconciliation of the non-GAAP measures presented in this Draft Red Herring Prospectus to their most directly comparable measure under Ind AS.

Net Interest Income and Net Interest Margin

We calculate net interest income as interest earned for the period minus finance costs for the period. We calculate net interest margin as the ratio of net interest income to average loans during the period. We believe net interest income and net interest margin are useful metrics in measuring the interest earning efficiency on our receivables.

The following table sets forth the reconciliation of net interest income and net interest margin to profit after tax:

	Year ended March 31,			Six Months Ended September 30,	
	2017	2018	2019	2018	2019
	(₹ in millions, except percentages)				
Profit after tax for the period (A)	3,728.59	6,011.43	8,627.19	3,766.10	7,258.82
(+) Tax expenses (B)	1,987.64	3,182.02	4,688.80	2,032.66	3,087.03
(+) Employee benefits expenses (C)	953.07	1,930.88	3,904.03	1,921.87	2,103.13
(+) Depreciation, amortization & impairment (D)	47.93	244.93	811.01	367.56	478.75
(+) CSR Expenses (E)	70.39	97.75	141.85	24.45	15.15
(+) Impairment losses & bad debts (F)	5,319.69	8,000.58	11,477.42	5,214.87	7,257.97
(+) Operating & Other expenses (G)	17,318.75	27,119.22	33,045.94	15,435.37	20,358.01
(–) Non-Interest Income (H)	(14,580.43)	(24,269.95)	(34,233.99)	(15,164.51)	(21,523.71)
(–) Other Income (I)	(1,248.35)	(1,832.17)	(2,877.23)	(1,266.06)	(3,132.73)
Net interest income (J=A+B+C+D+E+F+G-H-I)	**13,597.28**	**20,484.69**	**25,585.02**	**12,332.31**	**15,902.41**
Average cardholder receivables[(1)] (K)	**88,613.87**	**124,374.98**	**165,480.46**	**154,143.14**	**207,823.02**
Net interest margin (L=J/K)	15.3%	16.5%	15.5%	16.0%	15.3%

(1) We calculate average total receivables as the two-point average of loans as of the opening and closing dates of the period. Loans comprise the total credit card receivables outstanding from our cardholders.

Non-Interest Income

We calculate our non-interest income as total revenue from operations minus interest income for the period. We believe non-interest income is a useful metrics in measuring the fee-earning efficiency on our receivables.

The following table sets forth the reconciliation of our non-interest income to total income:

	Year ended March 31,			Six Months Ended September 30,	
	2017	2018	2019	2018	2019
	(₹ in millions)				
Total revenue from operations (A)	**33,462.03**	**51,869.75**	**69,991.11**	**32,156.68**	**43,639.35**
(–) Interest income (B)	18,881.60	27,599.80	35,757.12	16,992.17	22,115.64
Non-interest income (C=A-B)	**14,580.43**	**24,269.95**	**34,233.99**	**15,164.51**	**21,523.71**

Opex to Income Ratio

We calculate our opex to income ratio as operating and other expenses divided total income for the period. We believe opex to income ratio is a useful metrics in measuring our operating efficiency.

The following table sets forth our opex to income ratio:

	Year ended March 31,			Three Months Ended September 30,	
	2017	2018	2019	2018	2019
	(₹ in millions, except percentages)				
Total expenses (A)	**28,994.15**	**44,508.47**	**59,552.35**	**27,623.98**	**36,426.23**
(–) Finance costs (B)	(5,284.32)	(7,115.11)	(10,172.10)	(4,659.86)	(6,213.22)

(–) Impairment losses & bad debts (C)	(5,319.69)	(8,000.58)	(11,477.42)	(5,214.87)	(7,257.97)
Opex (D=A-B-C)	**18,390.14**	**29,392.78**	**37,902.83**	**17,749.25**	**22,955.04**
Net interest income (E)	**13,597.28**	**20,484.69**	**25,585.02**	**12,332.31**	**15,902.41**
(+) Non-interest income (F)	14,580.43	24,269.95	34,233.98	15,164.51	21,523.71
(+) Other Income (G)	1,248.35	1,832.17	2,877.23	1,266.06	3,132.73
Income (H=E+F+G)	**29,426.07**	**46,586.81**	**62,696.23**	**28,762.87**	**40,558.85**
Opex to income ratio (I=D/H)	**62.5%**	**63.1%**	**60.5%**	**61.7%**	**56.6%**

Quantitative and Qualitative Disclosures about Market Risk
Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. In the ordinary course of business, we are exposed to a variety of market risks, including interest risks, credit risks, liquidity risks and foreign currency risks. For further information, see note 38.1 to our Restated Financial Statements included in this Draft Red Herring Prospectus.

The way we manage these risks directly affect our activities and operations and, consequently, our results. For further information on our risk management strategies, see "***Risk Management***" on page 148.

Interest Risks

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair value of financial instruments because of changes in market interest rates.

We do not have any floating rate loans. However, we are exposed to interest rate risk on short term borrowings (up to 12 months) and that are open to repricing risk at the time of re-borrowing. Repricing risk is the risk of changes in interest rate charged at the time a financial instrument is matured and re-borrowed

For further information, see note 38.2.1.A to our Restated Financial Statements included in this Draft Red Herring Prospectus.

Credit Risks

Credit risk is the risk of suffering financial loss, should any of our cardholders fail to fulfil their contractual obligations to us. Credit risk arises mainly from loans and advances to retail and corporate customers arising on account of facilitating credit card loans to customers. We are also exposed to credit risk arising from other financial assets such as cash and cash equivalents, other financial assets including fixed deposits with banks, other receivables from contracts with customers and contract assets etc. Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Our credit risk management function is centralized in a credit risk management team which reports regularly to our Chief Risk Officer and Risk Management Committee of our board of directors. Managing credit risk is the most important part of our overall risk management exercise. Our credit risk sub-function headed by our Chief Risk Officer who is responsible for the key policies and processes for managing credit risk, which include formulating credit policies and risk rating frameworks, guiding our appetite for credit risk exposures, undertaking independent reviews and objective assessment of credit risk, and monitoring performance and management of portfolios. The principal objectives being maintaining across our company a strong culture of responsible lending, and robust risk policies and control frameworks, implementing and continually re-evaluating our risk appetite and ensuring there is adequate scrutiny of credit risks, their costs and their mitigation.

For further information, see note 38 to our Restated Financial Statements included in this Draft Red Herring Prospectus.

Liquidity Risks

Liquidity risk is the risk that we won't have sufficient financial resources to meet our obligations as and when they fall due or will have to do so at an excessive cost. This risk arises from the mismatches in the timing of the cash flows which is inherent in all financing operations and can be affected by a range of company specific and market wide events. Therefore, liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

We have put in place an effective asset liability management system, constituted an Asset Liability Management Committee headed by our Chief Executive Officer and Managing Director.

We manages our liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations. Our Asset Liability Management Committee is responsible for managing our liquidity risk via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

For further information, see note 38 to our Restated Financial Statements included in this Draft Red Herring Prospectus.

Foreign Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument, denominated in currency other than functional currency, will fluctuate because of changes in foreign exchange rates. We are exposed to foreign currency risk mainly on its borrowings denominated in foreign currency resulting in exposures to foreign exchange rate fluctuations.

Our currency risk management policy lay down the appropriate systems and controls to identify, measure and monitor the currency risk for reporting to the management. Parameters like hedging ratio, un-hedged exposure, mark-to-market position, exposure limit with banks etc. are continuously monitored as a part of currency risk management. Exchange rate exposures are managed within approved parameters using forward foreign exchange contracts. Foreign currency exposure under borrowings is fully hedged as on reporting date.

We enter into derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is a bank.

For further information, see note 38.2.1.B to our Restated Financial Statements included in this Draft Red Herring Prospectus.

Significant developments subsequent to September 30, 2019

Except as disclosed above, and in this Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no (i) outstanding criminal proceedings involving our Company or Directors; (ii) outstanding actions taken by statutory or regulatory authorities involving our Company or Directors; (iii) outstanding claims involving our Company or Directors for any direct and indirect tax liabilities; (iv) outstanding dues to creditors of our Company as determined to be material by our Board of Directors as per the Materiality Policy in accordance with the SEBI ICDR Regulations; (v) outstanding dues to micro, small and medium enterprises and other creditors; (vi) outstanding litigation involving our Group Companies which has a material impact on our Company; and (vii) outstanding litigations as determined to be material by our Board of Directors as per the Materiality Policy in accordance with the SEBI ICDR Regulations.

Our Board has approved that the outstanding litigation involving our Company which exceeds an amount which is lower, of 1% of the total turnover or 5% of the profit after tax as per the Restated Financial Statements of our Company for Fiscal 2019 would be considered material for our Company. The total turnover and the profit after tax of our Company for the Fiscal 2019, is ₹ 72,868.34 million and ₹ 8,627.19 million, respectively. Accordingly, we have disclosed all outstanding litigation involving our Company where (i) the aggregate amount involved exceeds ₹ 431.36 million (being an amount which is lower of 1% of the total turnover or 5% of the profit after tax of our Company for Fiscal 2019) individually, (ii) the decision in one case is likely to affect the decision in similar cases, even though the amount involved in that individual litigation may not exceed ₹ 431.36 million; and (iii) all other outstanding litigation which may not meet the specific threshold and parameters as set out in (i) or (ii) above, however where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of our Company.

Our Board has also approved that dues owed by our Company to the small scale undertakings and other creditors exceeding 5% of the Company's total consolidated trade payables as per the Restated Financial Statements of our Company as of September 30, 2019 would be considered as material dues for our Company and accordingly, consolidated information of outstanding dues owed to small scale undertakings and other creditors, separately giving details of number of cases and amount for all dues where each of the dues exceed ₹ 45.22 million (being approximately 5% of the Company's total consolidated trade payables as of September 30, 2019).

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.

I. LITIGATION INVOLVING OUR COMPANY

A. *Litigation filed against our Company*

Actions by regulatory and statutory authorities involving our Company

1. The Deputy Director of Employee State Insurance Corporation ("**ESIC**") passed an order (the "**Impugned Order**") dated April 24, 2019, against our Company under the Employee State Insurance Act, 1948, based on an inspection report prepared by the ESIC inspectors after undertaking an inspection at our Corporate Office. Our Company was thereby directed to pay ₹ 32.73 million as a contribution to the ESIC, for the Fiscal 2015, as a principal employer under the ESI Act within a period of 60 days from the date of the Impugned Order. Our Company filed an appeal before the Appellate Authority, ESIC ("**Appellate Authority**") against the Impugned Order. Pursuant to the appeal filed our Company was given an opportunity to be heard personally by the Appellate Authority. Further, the Company made the final submissions to the Appellate Authority wherein a hearing was conducted and the order has been passed on November 15, 2019 whereby the earlier amount has been reduced to ₹ 25.32 million. The Company is in the course of evaluating the next course of action

Tax proceedings

There are four direct tax proceeding pertaining to income tax involving our Company wherein the aggregate amount involved is ₹ 3,528.50 million, which relate to transfer pricing adjustment for specified domestic transactions, expenditure incurred which are deferred for accounting purposes, advertisement expenses, license fees and data service management charges paid/payable for Fiscals 2008, 2012 and 2016.

Further, there are 11 indirect tax proceeding out of which 10 cases pertain to demand of service tax wherein the amount involved is ₹ 144.95 million and one case of goods and service tax refund, wherein amount involved is ₹ 1,084.12 million. The aggregate amount involved is ₹ 1,229.08 million.

Other material outstanding litigation

1. Bathina Kama Raju ("**Petitioner**") has filed a writ petition dated March 3, 2009, before the High Court of Andhra Pradesh at Hyderabad ("**High Court**") against, among others, our Company. The Petitioner has sought from the High Court to declare the section 8 under the Provincial Insolvency Act, 1920 ("**Act**"), as illegal, arbitrary, contrary to law and in violation of fundamental rights provided under the Constitution of India. Further, the Petitioner sought from the High Court by way of a writ of mandamus to direct the respective respondents, including our Company, to refrain from making alleged threats or to make demands in relation to the repayment of outstanding debt, until the case is adjudicated upon by the High Court. The matter is currently pending before the High Court.

2. Dr. Asha K.I. (the "**Petitioner**") has filed a writ petition dated February 6, 2018 before the High Court of Kerala at Ernakulum (the "**High Court**") against our Company and the SBI for issuance of writ of mandamus directing the Banking Ombudsman, as provided for under the Banking Ombudsman Scheme, 2006, (the "**Banking Ombudsman**") to reconsider the Petitioner's complaint and issue a direction to the RBI to take strict measures enforcing innovative and effective cyber security systems in Indian banking business. The Petitioner contended that she was defrauded by an employee of the SBI or our Company wherein she lost approximately ₹ 0.07 million by way of telephonic fraud from her credit card account through a series of transactions. The Petitioner contended that she approached the Banking Ombudsman for relief, however, the Banking Ombudsman ignored the RBI guidelines on "*Customer Protection-Limiting Liability of Customers in Unauthorised Electronic Banking Transactions*" and passed an ex-parte order dated Februrary 2, 2018. Accordingly, the Petitioner filed a writ to seek relief from the High Court. The mater is currently pending before the High Court.

3. J. Kanikaraj ("**Petitioner**") has filed a writ petition dated January 23, 2014, before the High Court of Karnataka at Bangalore ("**High Court**") against SBI for issuance of a writ of mandamus directing SBI to issue a credit card to the Petitioner. The Petitioner has contended that he had approached SBI for issuing a credit card which was denied on the grounds of a policy of our Company of not issuing credit cards to certain customers including practicing advocates. Accordingly, the Petitioner filed a writ petition before the High Court alleging that the said policy is discriminatory and seeking directions to SBI to issue a credit card and such other related services to the Petitioner. Our Company has filed an application before the High Court stating that SBI does not play a role in issuing credit cards and accordingly requesting that our Company be added as a respondent on record for the adjudication and settlement of the issues involved in the above petition. The matter is currently pending before the High Court.

4. Ebenezer Emmanuel Athmakoor ("**Petitioner**") has filed a writ petition dated June 12, 2014, before the High Court of Madras at Chennai ("**High Court**") against, among others, the SBI and Credit Information and Bureau of India Limited ("**CIBIL**") for issuance of a writ of mandamus directing SBI to instruct CIBIL to remove the name of the Petitioner from the list of defaulters maintained by CIBIL. The Petitioner has contended that he had filed a first information report alleging misuse of his credit card and consequent to such alleged misuse, the Petitioner received a demand for an outstanding amount of ₹ 0.08 million on the bank account of the Petitioner held in SBI, which was declared to be a non-performing asset by SBI due to non-payment, pursuant to which the Petitioner was blacklisted in the CIBIL Report. Accordingly, the Petitioner filed a writ petition alleging that the inclusion of his name on the defaulters list maintained by CIBIL is against the applicable guidelines issued by the RBI and accordingly seeking removal of his name from such list. The matter is currently pending before the High Court.

5. Kailash Chandra Parija ("**Petitioner**") has filed a writ petition dated November 23, 2016, before the High Court of Orissa at Bhubaneswar ("**High Court**") against, among others, our Company and Credit Information and Bureau of India Limited ("**CIBIL**"), for issuance of a writ to quash a demand of ₹ 0.35 million as card dues raised by our Company against the Petitioner and directing CIBIL to remove the name of the Petitioner from the list of defaulters maintained by CIBIL. The Petitioner has contended that he received a letter from our Company demanding a payment of ₹ 0.35 million as card dues and consequently he approached the Banking Ombudsman, Bhubaneswar challenging the demand, which was disposed-off by a letter. Accordingly, the Petitioner filed a writ petition before the High Court alleging that the demand is, among other things, illegal, charged at higher rates of interest and contrary to the applicable guidelines issued by the RBI and accordingly seeking that the said demand be quashed and his name be removed from the said defaulters list. The matter is currently pending before the High Court.

6. Dr. B. Prem Kumar (the "**Complainant**") has filed a complaint dated December 16, 2011, before the State Consumer Disputes Redressal Commission (the "**Commission**") against our Company alleging that while he was abroad his credit card was deactivated without any reason even though there was sufficient credit limit. Further, he stated that his credit limit was enhanced without his authorisation or consent. Accordingly, the Complainant filed the present complaint and he claimed ₹ 2.50 million as compensation with interest at 40.20% from date of claim and costs. Our Company filed a written version of reply before the Commission stating that the complaint is not maintainable under law or facts since the card was blocked for security reasons due to sudden transactions abroad and the limit was enhanced pursuant to confirmation sent by the Complainant in the form of a text message. The matter is currently pending before the Commission.

7. Vinay Kumar ("**Petitioner**") has filed a writ petition dated September 4, 2015, at the High Court at Calcutta (**"High Court"**) against, among others, our Company. The Petitioner alleged that an amount of approximately ₹ 0.05 million was incorrectly charged from his credit card. The Petitioner sought a writ of certiorari for revocation of decision of our Company, which declared the Petitioner as a wilful defaulter and wrote-off the Petitioner's account. Further, the Petitioner also sought a writ of mandamus for restraining our Company from ensuing any legal proceedings as envisaged in the letter. The matter is currently pending before the High Court.

8. J. Rajesh ("**Petitioner**") filed a writ petition dated April 4, 2017, before the High Court of Judicature at Madras ("**High Court**") against, among others, our Company ("**Respondents**"), for issuance of writ of certiorari and mandamus. The Petitioner has sought from the High Court to direct the respective Respondents, to pay the claim of approximately ₹ 0.02 million, towards the alleged wrong debits and pay adequate compensation for mental agony. Further, the Petitioner has sought to quash the impugned order of Banking Ombudsman, Chennai, and call for records against Respondents where the Petitioner's complaint was rejected on merits and maintainability. The case is currently pending before the High Court.

9. Jagat Bhaskar Verma ("**Petitioner**") has filed a writ petition dated August 16, 2012, before the High Court of Judicature at Allahabad ("**High Court**") against our Company ("**Respondents**"), for issuance of writ of mandamus. The Petitioner has alleged that the amount of approximately ₹ 0.01 million paid by him through cheque against the overdue of Petitioner's credit card amount has not been taken into account and Petitioner was compelled to deposit ₹ 0.007 million by way of cash and ₹ 0.007 million through cheque. The Petitioner has sought from the High Court to direct the Respondents to make the refund of admitted amount deposited by the petitioner along with interest of 18% per annum from the date of deposit till the actual payment of the same. The case is currently pending before the High Court.

10. Dr. Vijayalakshmi ("**Petitioner**") has filed a writ petition dated February 9, 2012, before the High Court of Judicature at Madras ("**High Court**") against, among others, our Company ("**Respondents**"), for issuance of writ of mandamus. The Petitioner has stated that her son who died in a road accident was a SBI card holder, and Respondents have issued a Master Policy wherein all the SBI card holders shall be the beneficiaries subject to condition of validity i.e. accidental death, and would be entitled to ₹ 0.2 million. The Respondents have stated that there is a difference in the card numbers, which is why the claim has not been disbursed yet. The Petitioner has sought from the High Court to direct the Respondents to disburse the insurance claim of ₹ 0.2 million with interest at the rate of 24% from the date of accrual of claim in favour of sons of the deceased.

B. ***Litigation filed by our Company***

Criminal proceedings

1. Our Company filed a first information report dated July 18, 2013 ("**FIR**"), before the station house officer, Vasant Vihar, South Delhi against Sujata Sahu ("**Accused**") for an attempt to cheat our Company by submitting false documents along with application forms for issuance of credit cards. The Accused filed a writ petition before the High Court of Delhi at New Delhi ("**High Court**") against our Company contesting that the allegation as made in the complaint was false and fabricated and thereby sought quashing of the FIR. The High Court passed an order dated March 22, 2017, dismissing the petition on the facts of the case ("**Impugned Order**"). Subsequently, the Accused filed a special leave petition before the Supreme Court of India against our Company seeking a special leave to appeal against the Impugned Order and in the interim, stay any further proceedings against the Accused. The matter is currently pending before the Supreme Court of India.

2. Our Company filed a written complaint dated July 18, 2008 ("**Complaint**"), before the senior superintendent of the police at Chandigarh, basis which a first information report was filed against Gulab Thakur ("**Accused**") and his accomplices for the act of fraud, forgery, cheating and embezzlement of money. As per the Complaint, the Accused misused his position in our Company and collected cash and demand drafts from the customers, as payment against their respective credit card statements, and credited them in his own account and in the accounts of his accomplices. The wrongful loss caused to our Company was for approximately ₹ 22.20 million. The matter is currently under adjudication and is pending for order at the Court of Sessions, Chandigarh.

3. Our Company filed a first information report dated February 8, 2002 ("**FIR**") before the station house officer, Parliament Street, New Delhi against Ajay Shokeen ("**Accused**") for criminal breach of trust and forging of documents including electronic records etc. which caused wrongful loss to our Company for approximately ₹ 0.90 million. The Accused accessed the confidential client information and data of our clients and siphoned off money from their credit cards to his own account or the accounts of his accomplices. The matter is currently pending.

4. There are 19,201 cases filed by the Company under section 138 of the Negotiable Instruments Act, 1881, seeking claims aggregating to ₹ 255.27 million. These cases are pending at various stages before various forums.

5. There are 14,174 cases filed by the Company under section 25 of the Payment and Settlement Systems Act, 2007, seeking claims aggregating to ₹ 726.33 million. These cases are pending at various stages before various forums

Other material outstanding litigation

1. Our Company filed a writ petition before the High Court of Andhra Pradesh at Amravathi ("**High Court**") against Permanent Lok Adalat for Public Utility Service, Kadapa ("**PLAC**") on June 21, 2019, for issuance of writ of certiorari and setting aside the award passed by the PLAC. We have claimed that the PLAC has allowed the petition of Shaik Adul Saheed and awarded pursuant to its order dated April 3, 2019, that the SBI and the nodal officer of SBI ("**Nodal Officer**") will pay ₹ 0.10 million each to him ("**Award**"). Shaik Adul Saheed alleged that an amount of ₹ 0.10 million was incorrectly debited from his credit card ("**Disputed Transaction**") pursuant to which he lodged a complaint with the local police and the Nodal Officer. Further, aggrieved that his grievance is not redressed he filed a case before the PLAC making the SBI and the Nodal Officer parties to the case. Subsequently, SBI filed a writ petition before the High court seeking judicial review of the Award passed by the PLAC on the grounds that the SBI has no role in the operations of our Company or the problems/fraud relating to credit cards and our Company is a distinct and a separate entity wherein the SBI has a nominal shareholding. Accordingly, our Company filed the present writ petition and contended that the Disputed Transaction was validated by the Respondent by way of card verification value or CVV and one time password or OTP authorisation. The matter is currently pending before the High Court.

2. Our Company filed a revision petition dated September 20, 2010, against the Director of Consumer Affairs & Fair Business Practices, Kolkata (the "**Respondent**") before the National Consumer Disputes Redressal Commission, New Delhi ("**National Commission**") for setting aside the order

passed by the State Commission, Kolkata ("**State Commission**") directing the Petitioner to pay a compensation of approximately ₹ 1.80 million to State Consumer Welfare Fund ("**Impugned Order**"). The Respondent had filed a complaint before the District Consumer Forum, Sengupta Sarani, Kolkata ("**District Forum**") stating that 18 credit cardholders complained before it on their failure to get redressal from our Company. The Respondent alleged that we are using the logo and name of our holding company the SBI thereby misrepresenting to the consumers that SBI and our Company are one and the same. The Respondent further alleged that we are using the goodwill of our holding Company, SBI, and are involved in unfair trade practices. The District Forum conformed to the Respondent and passed an order dated January 15, 2010, directing us to pay a compensation of approximately ₹ 1.80 million to State Consumer Welfare Fund. They further made our holding company, SBI, a party to the matter and directed them to publish an advertisement in the newspapers stating their clear position, views and obligations with regard to use of logo by our Company. The State Commission also upheld the order passed by the District Forum through its order dated July 7, 2010. Accordingly, we filed the present revision petition on the ground that we are a separate legal entity from SBI and the State Commission and the District Forum have exceeded their jurisdiction. The matter is currently pending.

3. Our Company ("**Applicant**") has filed an Application for Intervention dated April 17, 2017, in the civil appeal filed before the Supreme Court of India by Citi Bank, against the order dated July 7, 2008, passed by the National Consumer Disputes Resolution Redressal Commission ("**Respondent**"), submitting that its interests would be adversely affected by the outcome of the Civil Appeal. The Respondent passed an order stating that charging of interest rate in excess of 30% per annum from credit card holders is an unfair trade practice. The Applicant has argued that the Respondent's order suffers from lack of jurisdiction, and seeks to be included as an intervener and assist the Court. The matter is currently pending.

II. LITIGATION INVOLVING OUR PROMOTER

The SBI is involved in various litigations (civil, regulatory or otherwise) in India and in the other jurisdictions in which the SBI operates, including on account of the SBI seeking to recover its dues from its borrowers or because its customers make claims against the SBI. The majority of such cases arise in the normal course of business of the SBI.

Accordingly, except as disclosed below, there are no (i) outstanding criminal proceedings involving the SBI; (ii) outstanding actions taken by statutory or regulatory authorities involving the SBI; (iii) outstanding claims involving the SBI for any direct and indirect tax liabilities; (iv) disciplinary actions including penalty imposed by the SEBI or stock exchanges against the SBI in the last five Financial Years including outstanding action; (v) outstanding litigation involving the SBI where the aggregate amount involved exceeds ₹ 1,000 million individually; and (vi) any other litigation which may have a material adverse effect on the business operations, financial position or reputation of our Company.

Our Board, has approved that any proceeding initiated against the SBI which involves an aggregate amount exceeding ₹ 1,000 million and, any other litigation where an adverse outcome may have a material adverse effect on the business operations, financial position or reputation of our Company would be considered material for our Company.

1. *Litigation filed against our Promoter*

Criminal proceedings

1. CBI has registered a first information report dated April 4, 2017 against bank officials of the Bareilly branch of SBI ("**Bank**") and certain other private persons for cheating, criminal conspiracy and criminal misconduct under the Indian Penal Code, 1860, as amended and the Prevention of Corruption Act, 1988, as amended, in connection with irregularities pursuant to demonetisation of old currency notes. CBI alleged that between November 8, 2016 and December 31, 2016, certain unknown officials of the Bank have conspired with private persons to open new accounts with the Bank in the name of different persons and deposited and exchanged high value of old notes with new notes without maintaining proper records, thereby facilitating exchange of black money. CBI recorded the statements of two of the Bank employees of the Bareily branch of the Bank and sought CCTV recording, which was made available to them. The matter is under investigation by the CBI.

Other material outstanding litigation

1. Jyoti Harshad Mehta, (the "**Appellant**"), the legal heir of Harshad S. Mehta, has filed four civil appeals against SBI ("**Bank**") and others, before the Supreme Court of India claiming, inter alia, an amount aggregating to ₹ 14,340 million 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 Courts Act**"), (the "**Special Court**") in connection with claims by the Bank of diversion of funds through the accounts held by Harshad S. 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 aforementioned appeals were tagged along with another civil appeal filed by the family members of Harshad S. Mehta. 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 and the respective written submissions with the Supreme Court of India on January 28, 2016. The Appellant has also filed a miscellaneous application bearing no. 20 of 2015 before the Special Court against the Bank, the custodian appointed under the Special Courts Act (the "**Custodian**"), Assistant Commissioner of Income Tax, Mumbai and the Standard Chartered Bank praying that the Bank be directed to redeposit an amount of ₹ 1,300 million along with interest at 21% per annum from December 21, 2002 onwards with the Special Court in accordance with its orders and clarify that an amount of ₹ 2,200 million will be payable to the Bank only upon final adjudication of the appeal in related matters filed by the Appellant, which was rejected by the Special Court vide order dated June 16, 2017. The matters are pending.

2. Based on the report of the Custodian which, inter alia, prayed for distribution of assets of the Harshad Mehta group, the Special Court vide its order dated February 25, 2011 ("**Order**") distributed the amount towards outstanding claims of income tax and the balance to all decree holders, including the Bank, in chronological order of the respective dates of decree. Aggrieved by the Order, Standard Chartered Bank filed civil appeal and a stay application before the Supreme Court of India ("**Supreme Court**") against inter alia, the Custodian, the income tax authorities, and other claimants including the Bank on grounds inter alia, including (i) scaling down of tax demands and (ii) that the funds available should be pro-rata distributed to all the claimants and not in chronological order of the respective dates of decree. Additionally, Jyoti Harshad Mehta and others have also filed a civil appeal along with a stay application against the Custodian, the income tax authorities, and other claimants including the Bank, before the Supreme Court of India challenging the Order. The matters are pending.

3. Based on the report of the Custodian which, inter alia, prayed for distribution of assets of the Harshad Mehta group, the Special Court vide its order dated April 3, 2009 ("**Order**") distributed ₹ 5,000 million to all the decree holders, including the Bank. Aggrieved by the Order, Standard Chartered Bank, filed a civil appeal along with a stay application before the Supreme Court of India against inter alia, the Custodian, the Assistant Commissioner of Income Tax, Mumbai, Jyoti Harshad Mehta, and other claimants including the Bank seeking dismissal of the Order and directions to the Special Court to decide the question of distribution and / or scaling of tax demands on the assets of the parties for the assessment years 1992-93 and 1993-94. The income tax department has also filed an application seeking release of funds to the tune of ₹ 18,600 million to the income tax department towards the tax related dues of the parties. The matters remain pending.

4. National Housing Bank ("**NHB**") has filed a counter dated January 6, 2017 against the Bank before the Special Court praying that the Bank be directed to pay an amount of ₹ 3,530 million along with interest in terms of the terms of settlement dated October 30, 2002 between NHB and the Bank for sharing of amounts received by the Bank and the directions of the RBI. The counter-claim was filed based on the miscellaneous application filed by the Bank before the Special Court against NHB and the Custodian seeking recovery of interest at the rate of 19% amounting to ₹ 6,310 million on the decretal amount of approximately ₹ 2,370 million decreed by the Special Court in relation to the period October 22, 1999 to March 23, 2000. The matter is pending.

5. Zoom Developers Private Limited ("**Zoom**") has filed a civil suit before High Court of Bombay against a consortium of banks headed by Punjab National Bank to grant damages for loss of business and goodwill suffered by it due to failure of the consortium to release the sanctioned credit limits. The consortium consists of the Bank, State Bank of Travancore, State Bank of Bikaner and Jaipur, State Bank

of Hyderabad and State Bank of Patiala. As part of the consortium, a number of credit facilities were advanced by the Bank and its subsidiary banks to Zoom over a period of many years. After the global financial crisis of 2008, the business of Zoom suffered and it faced severe losses. Due to the financial status of Zoom and apprehensions of cheating and connivance, the consortium refused to advance further credit facilities to Zoom and the account was referred to CDR, however, the reference was later withdrawn. The Bank in particular directed its foreign branches to refuse the extension of existing facilities that it had provided to the subsidiaries of Zoom. A criminal case was filed against Zoom by Punjab National Bank. Thereafter, Zoom filed a civil suit against the consortium claiming an aggregate of ₹ 109,200 million as damages caused due to the negligence and inaction of the banks, as loss of estimated future profits and loss of goodwill. The banks have filed a written statement that Zoom had deliberately concealed onerous provisions of certain material agreements at the time of the grant of credit facilities and that there was a diversion of funds in addition to cheating and fraud being committed by Zoom. The matter is pending.

6. P.T.M. Gopala Krishna, Kakulapati Srinivas, T. Brahmeswara Rao, Associate Banks' Officers Association, Hyderabad and other employees of the erstwhile Associate Banks (the "**Petitioners**") have filed a writ petition before the Hyderabad High Court (the "**High Court**") against the Bank, Telangana Circle, Chairman, Managing Director (Associates and Subsidiaries), Chief General Manager (Human Resources) and other senior officials of the Bank, Union of India and RBI (the "**Respondents**") under Article 226 of the Constitution of India praying that the High Court pass an appropriate writ for declaring certain portions of the orders of acquisition of the Associate Banks (namely, Acquisition of State Bank of Bikaner and Jaipur Order, 2017, Acquisition of State Bank of Hyderabad Order, 2017, Acquisition of State Bank of Mysore Order, 2017, Acquisition of State Bank of Patiala Order, 2017, Acquisition of State Bank of Travancore Order, 2017) and the option letter dated March 29, 2017 (the "**Letter**") issued by the Chief General Manager (Human Resources)), which specified the terms and conditions of services of the employees and officers of Associate Banks, as illegal, discriminatory and violative of Articles 14 and 16 of the Constitution of India. The writ petition was filed, inter alia, on the grounds that (i) the aforesaid orders of acquisitions and the Letter are invalid as these assume the consent of the officers for transfer of their services and unilaterally imposes the terms and conditions of service upon them, (ii) they were not informed timely and not given clarity on these conditions, and (iii) conditions of service of the officers of the Bank and those of the erstwhile Associate Banks are not at par; thus are discriminatory. The High Court vide its orders dated April 13, 2017 directed the Respondents to finalise the options by June 15, 2017. The Bank has filed a counter affidavit. The matter is pending.

7. Electrotherm (India) Limited ("**Petitioner**") filed a civil suit against Bank before the City Civil Court, Ahmedabad for an amount of ₹ 10,160 million alleging that on account of due to delay in issuance of no objection certificate ("**NOC**") from consortium banks (including the Bank) to transfer its operative unit (Ductile iron Pipe Unit) for onward sale to the buyer (Saint Gobain) its contract got terminated and the Petitioner suffered losses. The matter is pending.

8. Shivani Flexi Pack Ltd. has filed civil suit for an amount of ₹ 1,260.40 million at civil court-Sangli against Bank action under Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("**SARFAESI Act**"). However, the civil court dismissed the application. SBI filed a writ petition in the Mumbai High Court challenging the order of civil court Sangli. Sangli Civil Court has transferred the matter in the commercial Court. The matter is pending

9. Stationery Point filed a civil suit against the Bank for damages amounting to ₹ 4,035 million in the court of Civil Judge, Senior Division (CJSD) Vaduj-Dist-Satara, alleging non-issuance of NOC for taking finance from Allahabad Bank and ICICI Bank. Revision petition was filed by the Bank in High Court of Bombay ("**High Court**") and stay for civil court's adverse order. The High Court rejected the Bank's petition. The Bank filed a revision petition in the High Court, Bombay again however the decision of revision petition was not its favour. The matter has now transferred to the commercial court.

10. The Parekh Platinum Limited ("**Company**") filed a civil suit at city civil court, Ahmedabad against a firm of Chartered Accountants M.M. Nissim & Co, its partners and financing banks/institutions claiming damages of ₹ 34,626 million. The Bank has been impleaded in the suit as a defendant. The Company is financed by a consortium of banks and financial institutions including the Bank (through its commercial branch, Ahmedabad). When the Company started facing financial difficulties and the conduct of its accounts with various banks became unsatisfactory, the lenders engaged the services of M. M. Nissim & Co; Chartered Accountants, to conduct an investigation into the affairs of the Company. Based on the findings of this investigation, the financing Banks called up the credit facilities granted to the company

and also lodged complaints of fraud/suspected frauds against the Company's promoters with CBI. Further, on the basis of the findings of the said investigation, the Company's reference before BIFR was dismissed. Being aggrieved by these developments the present suit was filed. The matter is pending.

11. New Tech Forge & Foundry Ltd. ("**Company**") filed counter claim of ₹ 4,840 million before the NCLT, Ahmedabad against the Bank alleging that a running and growing industrial unit like the Company, was destroyed by the lending Banks by the acts of omissions and commissions, non-financing of project cost leading to cost overruns, delay in joint documentation for enhanced working capital limit, non-release/delayed release of enhanced credit limits, premeditated decision to dispose of the unit to a party favoured by the lending Banks at a small fraction of the actual value. The hearing is kept on hold in DRT, Ahmedabad for the case. The NCLT, Ahmedabad reserved its order of dissolution of the Company dated December 12, 2017.

12. Vishal Export Overseas Ltd. ("**Company**") filed a suit before City Civil Court, Ahmedabad, for ₹ 7,866.20 million claiming damages/compensation from the lenders (23 member banks of the consortium including the Bank) for their alleged wrongful actions including breach of contract, actions in bad faith and acts of misfeasance and non-feasance and tort or negligence. Damages have been claimed from all the defendant banks jointly and severally. The suit is in the nature of counter claim. The matter is currently pending.

13. Pacific Infotech Pvt Ltd ("**Company**") has filed its claim by way of a counter-claim along with its written statement in response to original application filed by the migrating branch of the Bank, CB Ahmedabad before DRT, and Ahmedabad for recovery of dues of ₹ 2,163.12 million. The counter claim is broadly based on the allegations that the defendant bank did not observe financial norms and failed to apprise the credit worthiness, while fixing the drawing limit and power, miserably failed to grant back to back facilities and kept on charging processing fees, not giving effect of lower interest rate despite fulfilling the rating from ICRA/Brick Works and illegally turned the account as NPA.

14. The GPT Steel Industries Ltd & Others ("**Company**") has filed a commercial civil suit no.106 in commercial court, Ahmedabad for ₹ 4,640 million towards damages & compensation for ambiguous terms of Inter-Se-Agreement and non-co-operation by the bankers including the Bank in extending additional term loan.

15. The Gilt Pack Ltd ("**Company**") and its promoter / directors filed a writ in High Court, Jabalpur ("**High Court**") with the prayer to issue an order for transferring the case from DRT, Jabalpur to any other DRT. The High Court has since disposed-off the application with a direction to DRT to decide the case. The Company alleges against the Bank in the counter claim, seeking damages amounting to ₹ 18,646 million, that due to the time overrun and cost over-run, additional finance cost financing gap and loss during trial production, the applicant Bank has failed in its responsibility to provide the needed help when asked for in terms of the RBI Guidelines etc., The company has alleged that the Bank deliberately did not support the revival efforts of the company and the Bank and its officials have openly, wilfully and deliberately violated these guidelines amounting to serious breach of statutory duties and hence resulting into huge damages. The matter is currently pending.

16. United Breweries (Holding) Ltd ("**UBHL**"), Kingfisher Finvest India Ltd and Dr. Vijay Mallya filed a suit claiming damages against the Bank before the Bombay High Court to declare the Corporate Guarantee dated December 21, 2010 given by UBHL, the personal guarantee dated December 21, 2010 by Dr. Vijay Mallya & the pledged agreement dated December 21, 2010 as void-ab-initio & non-est. UBHL has also claimed an amount of ₹ 31,996.80 million as damages invoking lenders liability. The matter is currently pending.

17. R.S. Luth Education Trust ("**Trust**") filed a suit in DRT-II dated August, 5, 2011 against the notice under the SARFAESI Act issued by SBI dated December 1, 2010. Simultaneously, the Trust also approached the Civil Court, Nashik ("**Court**"), claiming of ₹ 2,833.10 million from SBI. The Court stayed the action under the SARFAESI Act, however dismissed the claims being sought. The matter is currently pending in the Court.

18. Transparent Energy Systems Private Limited ("**Company**") filed a recovery suit DRT, Pune for ₹ 421.40 million dated March 21, 2016 against SBI and filed a writ petition before the High Court, Bombay ("**High Court**") on March 31, 2016, against the adverse order of the DRT, Pune. The High Court rejected the petition on April 17, 2017. Subsequently, the Company filed counter claim in DRT, Pune for ₹ 1,970 million against SBI. SBI filed an application under section 14 of the SARFAESI Act on March 31, 2017 and obtained symbolic possession for all the properties of SBI. SBI is pursuing for obtaining early order to take physical possession of all secured assets. The matter is still pending at DRT, Pune. Separately an application has been admitted in NCLT, Mumbai on March 8, 2018 on account of application filed by operational creditor.

19. Prathamesh Ceramics Private Limited ("**Company**") filed a recovery suit on September 29, 2014 before DRT-II, Mumbai. The matter is currently pending for further arguments. Meanwhile, the Company filed a special civil suit in the court of Civil Judge, Senior Division, Nashik on September 2, 2015, claiming damages/compensation of ₹ 2,186.80 million alleging wrong credit implementation by SBI. The matter is currently pending for hearing.

B. ***Litigation filed by our Promoter***

Criminal proceedings

1. The Bank operational controls are susceptible to instances of fraud committed by certain borrowers, in lieu of the advances sanctioned by the Bank. The major areas of fraud in relation to the advances sanctioned by the Bank, pertain to, inter alia, diversion of funds, fake title deeds and false financial statements. The Bank reported 8 frauds during Fiscal 2018, 25 frauds during Fiscal 2019 and 48 frauds as of November 22, 2019, which involved an amount of more than ₹ 1,000.00 million, each. The aggregate amount involved in such frauds were ₹ 14,620 million, during Fiscal 2018 and ₹ 107,250 million, during Fiscal 2019, ₹ 267,575.20 million, as of November 22, 2019. Whilst the Bank is in the process of contesting certain cases of fraud, either by of way registering first information reports or lodging complaints with the CBI, the Bank has also approached the appropriate forums, such as, the national company law tribunals under the IBC or the debt recovery tribunals under the SARFAESI Act, for the timely recovery of the advances given to such borrowers.

2. The Bank has filed a civil suit in 1998 against Madhumita Construction Private Limited, its directors and others before the Calcutta High Court in connection with a number of letters of credit (the "**LCs**") issued fraudulently by a few employees of the Bank at its Baghbazar Branch, Kolkata where the employees, beneficiaries and the receiving banks have been impleaded. The employees did not have the authority to issue the LCs and criminal proceedings have been initiated against them. The Bank thereafter petitioned the Calcutta High Court to declare the LCs null and void and requested damages of ₹ 1,120 million against the employees who undertook the fraud. The banks that had received the LCs have, however, filed suits before the debt recovery tribunal ("**DRT Suits**") against the Bank claiming the sums mentioned in the impugned LCs with a combined value of ₹ 33.01 million. As against the receiving banks, the Calcutta High Court has vacated a stay granted earlier staying the proceedings before the debt recovery tribunal. The Bank has filed a special leave petition before the Supreme Court of India against the above order of the Calcutta High Court. The Supreme Court vide its order dated February 22, 2016 has granted stay on the DRT Suits till the disposal of the suit filed by the Bank, disposed-off the special leave petition and remitted the matter back to the High Court for early disposal of the suit. Amongst others, Madhumita group of companies, Axis Bank Limited, South Indian Bank Limited, Federal Bank Limited, HDFC Bank Limited (previously Centurion Bank Limited) (together the "**consortium of banks**") (together, the "**Defendants**") have filed written statements and counter claims against the Bank, inter alia, claiming for injunction and the following amounts: (i) ₹ 6,720 million plus 18% interest per annum from September 4, 1998 until realisation, (ii) ₹ 30 million plus interest at 22% per annum from November 26, 1998 till realisation, (iii) ₹ 50 million plus interest at 22.44% per annum from July 19, 1999 till realisation, (iv) ₹ 70 million plus interest at 22.44% from March 1, 1999 till realisation, and (v) ₹ 1,330 million plus interest at 22% till realisation, respectively. The counter claims have inter alia been filed on the grounds that no fraud or deceit or negligence or breach of duty has been committed by the Defendants and the Bank has not been able to establish such fraud or deceit. The matter is pending.

C. ***Regulatory matters against State Bank of Travancore which has merged with the State Bank of India ("SBT")***

1. Certain complaints have been filed by Assistant Director, Directorate of Enforcement, Ministry of Finance, Department of Revenue under Section 16(3) of FEMA before the Special Director, Directorate of Enforcement, Ministry of Finance, Department of Revenue (the "**ED**") in relation to inter alia, unauthorised remitting amounts equivalent to ₹ 2,430 million , ₹ 470 million, ₹ 420 million and ₹ 880 million for the Board of Control for Cricket in India ("**BCCI**") in violation of the provisions of FEMA including Section 10(4), 10(5) and 11(1) of FEMA and the rules and circulars issued thereunder. It was alleged that SBT did not obtain adequate information / declarations to reasonably satisfy itself, inter alia, (i) about the genuineness of foreign exchange transactions and (ii) that the said transactions entered into by the BCCI do not involve any contravention or evasion of the provisions of FEMA. The ED vide its order dated May 31, 2018 imposed a penalty of ₹ 70 million on SBT. The matter is currently pending before the Appellate Tribunal, FEMA at New Delhi.

In addition to the aforementioned, SBI from time to time, in its normal course of business and due to the nature of the business it undertakes and its expansive area of operation, may have received notices from certain regulatory or statutory authorities, *inter alia*, seeking clarification and information. SBI does not believe that any action taken or initiated, has not and will not result in any material action against SBI.

D. ***Tax proceedings involving our Promoter***

Direct tax matters

1. Over 264 direct tax matters involving SBI (and erstwhile associate banks) are pending before the Supreme Court of India, the High Court, the Income Tax Appellate Tribunal and the Commissioner of Income Tax (Appeals), involving an aggregate net amount of ₹ 352,490 million in relation to disallowances under the Income Tax Act, such as broken period interest, taxation of interest on securities on due basis, loan loss provisioning, expenses relating to exempt income under Section 14A of the Income Tax Act; provision towards pension; depreciation of securities, TDS on payment to certain non-resident companies, TDS on some assignment businesses..

Indirect tax matters

1. Over 222 service tax matters involving SBI (and erstwhile associate banks) pending before the various adjudicating authorities aggregating to a net amount of ₹32,220 million. These matters pertain to, inter alia, certain disallowances, which include, amongst others, disallowance of cenvat credit taken on Deposit Insurance and Credit Guarantee Corporation premium paid, demand of service tax on foreign bank charges paid to correspondent banks for export bills, service tax on foreclosure charges and agency commission, service tax on ATM Interchange fee, service tax on legal charges, disallowance of cenvat credit on Brown label ATM etc.

III. LITIGATION INVOLVING OUR DIRECTORS

A. ***Litigation against our Director***

Criminal Proceedings

1. Arunava Patra ("**Complainant**") has filed Criminal Complaint, C. C. No. 926/2012 before the Court of Chief Judicial Magistrate, Paschim Medinipore, West Bengal ("**Court**") against, among others, our Director, Mr. Nilesh Shivji Vikamsey. The Complainant alleged commission of offences under Sections 163(4)/196(3)/301(5)/372A (6) of the Companies Act and Sections 467/120B of IPC. The Company has filed a quashing petition before the High Court, Kolkata ("**High Court**") seeking necessary directions against the process issued by the lower Court. The High Court was pleased to stay all further proceedings in C.R. Case No. 926 of 2012 *vide* its order dated 18th June 2015, which was extended with time. The matter was last listed on September 18, 2019 before the High Court, Kolkata when the matter was partly heard. The matter is now listed for further hearing.

2. Sushil Jainarayan Karwa ("**Complainant**") has filed Criminal Complaint, Misc. Application No. 295/2019 before the JMFC Court, Pune against, among others, our Director, Mr. Nilesh Shivji Vikamsey. The Complainant sought direction for filing a complaint and investigating the matter against India

Infoline Finance Ltd and its directors. On the basis of the order, an FIR was registered before the Chatursharungi Police Station – Pune against India Infoline Finance Ltd ("**IIFL**") and its directors including our Director, alleging cheating and criminal breach of trust, among others. The complainant alleged that IIFL has auctioned the flat situated at Magar Patta, Pune owned by Smt. Madhuri Laddha, having a market value of ₹ 25.00 million, for a mere amount of ₹ 7.00 million. IIFL has allegedly made a settlement without informing the complainant, and misappropriated the amount without adjusting the same to the loan account. The complainant further alleged that IIFL has not followed any due process of the law while settling the loan account with Smt. Madhuri Laddha. The complainant has also alleged that IIFL has misused the cheque issued towards security, for the said loan. IIFL has filed 16 cases and false and fabricated complaints under section 138 of the Negotiable Instruments Act, 1881, against the borrowers and guarantors to the loan. The complainant has argued that this amounts to mental agony and mental torture. IIFL through its representatives appeared before the investigating officer ("**IO**") at Chatursharungi Police Station and submitted all the relevant documents, as called for by the IO. The IIFL also informed the IO that the arbitration proceeding is initiated by us before the sole arbitrator Mr. Sunil R Mehara (Retired Judge) and Mr.Karwa appeared before the Arbitrator. The matter is currently pending.

Further, apart from the above mentioned proceedings, an order was issued by the Ministry of Corporate Affairs, Registrar of Companies, Mumbai ("**MCA**") under section 206(4) of the Companies Act, wherein certain information in relation to the details of the business, capital structure, financial statements, profit and loss account and other schedules and reports and documents were sought from IIFL, wherein our Director, Mr. Nilesh Shivji Vikamsey is a director as on the date of this Draft Red Herring Prospectus. These documents were provided within the stipulated period of ten days as per the order. No further action has been undertaken by MCA until now.

Outstanding dues to creditors

As of September 30, 2019, we had 263 creditors to whom an aggregate outstanding amount of ₹ 904.43 million was due. As per the Materiality Policy, creditors to whom amounts exceeding 5% of the total consolidated trade payables as on the date of the latest Restated Financial Statements, being an amount exceeding ₹ 45.22 million, were outstanding were considered 'material' creditors. Based on the above, there are four material creditors of our Company as on September 30, 2019 to whom an aggregate amount of ₹ 321.95 million was outstanding on such date. For further details of the names and the amount involved for such material creditors, see www.sbicard.com.

Further, based on the information available with our Company, there are no amounts outstanding as dues to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as on September 30, 2019.

Information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including the website of our Company, https://www.sbicard.com, would be doing so at their own risk.

Material Developments since the date of the last balance sheet

Except as stated in "***Management's Discussion And Analysis of Financial Condition and Results of Operations-Significant developments subsequent to September 30, 2019*** " on page 362, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances, which materially and adversely affect, or are likely to affect our profitability taken as a whole, or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

*Our business requires various approvals issued by relevant central and state authorities under various rules and regulations. We have set out below an indicative list of all material approvals obtained by our Company, as applicable, for the purposes of undertaking our business. In view of such approvals, our Company can undertake the Offer and its current business activities. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus. For further details in connection with the regulatory and legal framework within which we operate, see "**Key Regulations and Policies in India**" on page* 152*.*

We have also set out below, (i) material approvals or renewals applied for but not received; (ii) material approvals expired and renewal yet to be applied for; and (iii) material approvals required but not obtained or applied for, as on the date of this Draft Red Herring Prospectus.

I. Material approvals obtained in relation to the Offer

For the approvals and authorisations obtained by our Company in relation to the Offer, see "***Other Regulatory and Statutory Disclosures – Authority for the Offer***" on page 377.

II. Material approvals obtained in relation to our Company

We have obtained the following material approvals to carry on our business and operations in India. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements.

A. Incorporation details

(i) Certificate of incorporation dated May 15, 1998, issued to our Company by the RoC, in the name of 'SBI Cards and Payment Services Private Limited'.

(ii) Fresh certificate of incorporation dated August 20, 2019, issued by the RoC pursuant to the conversion of our Company to a public limited company and consequential change in our name from 'SBI Cards and Payment Services Private Limited' to 'SBI Cards and Payment Services Limited'.

B. Regulatory approvals

(i) Letter of approval dated September 19, 1998 issued by the RBI to SBI for setting up the subsidiary, 'SBI Cards and Payment Services Private Limited' to undertake only credit card business and activities directly incidental thereto subject to the terms and conditions prescribed therein.

(ii) Certificate of registration dated October 6, 1998, bearing registration number 14.01328 issued by the RBI to our Company to carry on the business of a 'non-banking financial institution (non-public deposit accepting)'.

(iii) Certificate of registration dated November 13, 2019, bearing registration number 14.01328 issued by the RBI to our Company to carry on the business of a 'non-banking financial institution (non-public deposit accepting)'pursuant to change in our name from 'SBI Cards and Payment Services Private Limited' to 'SBI Cards and Payment Services Limited'.

(iv) Certificate of registration dated March 26, 2019, issued by the IRDAI to our Company to act as a 'corporate agent (composite)'.

(v) Certificate of registration dated August 9, 2019, issued by the DoT, Delhi to our Company read with amendment letter dated October 18, 2019, to act as an 'other service provider'.

(vi) Certificate of registration dated July 9, 2019, issued by the DoT, Chennai to our Company read with amendment letter dated October 18, 2019, to act as an 'other service provider'.

(vii) Certificate of registration dated July 3, 2019, issued by the DoT, Bangalore to our Company read with amendment letter dated October 18, 2019, to act as an 'other service provider'.

(viii) Certificate of registration dated January 21, 2016 issued by TRAI registering our Company as a 'telemarketer' for telemarketing activity at locations mentioned therein.[1]

C. Labour and commercial related approvals

(i) Registration certificates issued under the relevant shops and establishment laws of the respective states where our branches are located.

(ii) Registration under the relevant labour welfare fund act of the respective states where our branches are located, as applicable.

(iii) Registration certificates issued under the EPF Act and the ESI Act, as applicable.

(iv) Registration certificates issued under the Contract Labour Act and applicable trade laws.

D. Tax related approvals

(i) Our permanent account number is AAECS5981K.

(ii) Our tax deduction account number is DELS13196B.

(iii) Registration certificates issued under the relevant goods and service tax acts and the professional tax acts of the respective states where our branches are located.

III. Material approvals pending in relation to our Company for which applications have been made or are yet to be made

As on the date of this Draft Red Herring Prospectus, we currently hold all aforementioned material approvals, as required, except the following approvals for which the applications for obtaining the approval or its renewal are currently pending before the relevant authorities or are yet to be made:

A. Material approvals or renewals for which applications are currently pending before relevant authorities

As on the date of this Draft Red Herring Prospectus, out of 23 office locations operated by our Company, including our Registered Office and our Corporate Office, the following application are currently pending for registration or amendment of registration certificate or renewal before the relevant authorities:

Location	Registration/Renewal	Authority	Date of Application
Ahmedabad	Amendment of certificate of registration under the Contract Labour Act	Joint commissioner of labour	July 10, 2019
Delhi	Certificate of registration under the Contract Labour Act	Joint commissioner of labour	November 25, 2019
Gurgaon	Amendment of certificate of registration under the Contract Labour Act	Joint commissioner of labour	August 8, 2019
Gurgaon (Enkay Towers)	Amendment of certificate of registration under the Contract Labour Act	Joint commissioner of labour	November 19, 2019
Hyderabad	Amendment of certificate of	Joint commissioner of labour	September 15, 2019

[1]*The registration has been issued under the Telecom Commercial Communication Customer Preference Regulations, 2010 which have been superseded by the Telecom Commercial Communication Customer Preference Regulations, 2018 with effect from July 19, 2018. For details see, "**Key Regulations and Policies in India**" on page [●].*

Location	Registration/Renewal	Authority	Date of Application
	registration under the Contract Labour Act		
Jamshedpur	Renewal of trade license under the Jharkhand Municipal Act, 2011	Jamshedpur Municipal Corporation	October 21, 2019
Raipur	Amendment of trade license under the Chhattisgarh Municipalities Act, 1961	Raipur Municipal Corporation	November 16, 2019

B. Material approvals expired and renewal yet to be applied for

Nil

C. Material approvals required but not obtained or applied for

Nil

IV. Intellectual property related approvals

As on the date of this Draft Red Herring Prospectus, our Company has registered various trademarks including, "SMARTPAY", "FLEXIPAY", "ASKILA" and "CLICK2CARD" under various classes, including under classes 38, 36 and 9 with the Registrar of Trademarks under the Trade Marks Act. Further, various applications seeking registration of trademarks including, "SBI Card (new logo), "SIMPLYSAVE" and "SIMPLYCLICK" under various classes, are currently pending registration.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

Our Board has authorized the Offer pursuant to its resolution dated August 14, 2019 and our Shareholders have authorized the Fresh Issue pursuant to a special resolution passed on September 27, 2019 under Section 62(1)(c) of the Companies Act 2013.

The IPO Committee have taken on record the Offer for Sale by the Selling Shareholders pursuant to their resolution dated November 26, 2019.

Our Board and the IPO Committee have approved and adopted this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges pursuant to their resolution dated November 23, 2019 and November 26, 2019, respectively.

Approvals from the Selling Shareholders

SBI has provided its in-principle approval for its participation in the Offer of our Company pursuant to a resolution passed by the Executive Committee of the Central Board of SBI on August 14, 2019. Subsequently, SBI has provided its final approval for its participation in the Offer of up to 37,293,371 Equity Shares of our Company pursuant to a resolution passed by the Executive Committee of the Central Board of SBI on November 14, 2019. CA Rover has, pursuant to a board resolution dated November 5, 2019 and consent letter dated November 24, 2019, authorised its participation in the Offer for up to 93,233,427 Equity Shares of our Company. For details, see "***The Offer***" on page 57.

Each Selling Shareholder, severally and not jointly, confirms that, as required under Regulation 8 of the SEBI ICDR Regulations, it has held its portion of the Offered Shares for a period of at least one year prior to the filing of this Draft Red Herring Prospectus. Therefore, the Equity Shares that will be offered by it in the Offer for Sale are eligible to be offered for sale in the Offer.

Other Approvals

Pursuant to the condition provided in the RBI letter dated September 19, 1998 issued to SBI for setting up its subsidiary for undertaking the credit card business, our Promoter, SBI, had, by its letter dated August 28, 2019 sought the approval of RBI for transferring its shareholding in our Company pursuant to the Offer. Subsequently, RBI, pursuant to its letter dated October 24, 2019 has granted SBI the approval to transfer its shareholders pursuant to the Offer, subject to the following conditions:

i. change in shareholding of the Company should be in compliance with the "*Master Direction-Non-Banking Finance Company-Systematically Important Non-Deposit Taking Company And Deposit Taking Company*" dated September 1, 2016;

ii. SBI should ensure continuous compliance with the extant instructions issued under "*Master Direction-Reserve Bank of India (Financial Services Provided By Banks) Directions*" dated May 26, 2016, updated from time to time;

iii. SBI should submit the details of its shareholding in the Company, subsequent to the Offer; and

iv. any further contribution to the equity subsidiaries and change in structural pattern/nature of business of such entities should be made only with the prior approval of the RBI.

In-principle Listing Approvals

Our Company has received in-principle approvals from the BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by the SEBI, the RBI or Governmental Authorities

Our Company, our Promoter, members of the Promoter Group, our Directors, the persons in control of our Company and the persons in control of our Promoter and each of the Selling Shareholders are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any authority or court.

None of the companies with which our Promoter, Directors or persons in control of our Company are promoter, director or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Our Company, Promoter or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Directors have not been declared as fugitive economic offenders.

Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Our Company, our Promoter, our Promoter Group and each of the Selling Shareholders, severally and not jointly, confirms that it is in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended ("**SBO Rules**"), to the extent applicable to it, as on the date of the Draft Red Herring Prospectus.

Directors associated with the Securities Market

Except for Mr. Nilesh Shivji Vikamsey, who is a director of IIFL Finance Limited (formerly known as IIFL Holdings Limited) and a director of the Federal Bank, none of our Directors are associated with the securities market in any manner and no action has been initiated by SEBI against our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company has had net tangible assets of at least ₹ 30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50 % are held in monetary assets;

- Our Company has an average operating profit of at least ₹ 150 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;

- Our Company has a net worth of at least ₹ 10 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and

- Our Company has not changed its name in the last one year.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profits and net worth, derived from the Restated Financial Statements included in this Draft Red Herring Prospectus as at, and for the last three Fiscals ended March 31, 2019, 2018 and 2017 are set forth below:

(₹ in million, unless otherwise stated)

		Consolidated	
	Fiscal 2019	**Fiscal 2018**	**Fiscal 2017**
Net tangible assets, as restated (1)	35,012.89	22,873.68	14,488.17
Monetary assets, as restated (2)	7,335.04	4,289.23	1,747.22
Monetary assets, as a percentage of net tangible assets, as restated	20.95	18.75	12.06
Restated Operating profit (3)	8,627.19	6,011.43	3,728.59
Net worth, as restated (4)	36,532.34	24,245.75	14,488.17

Notes:

(1) Net Tangible Assets = Total financial assets + Total non-financial assets – Intangible assets including intangible assets under development – Total financial liability – Total non-financial liability .

(2) Monetary Assets = Cash in hand + Balance with bank in current and deposit account with original maturity for less than 12 months (net of earmarked funds and deposits under lien)
(3) Restated Operating profit means profit after tax. The average restated operating profit of the Company for the preceding three fiscals i.e. 2019,2018 and 2017 is ₹ 6,122.40 million.
(4) For the purposes of the above, "net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation, each as applicable for the Company on a restated basis.

Our Company has operating profits in each of Fiscal 2019, 2018 and 2017 in terms of our Restated Financial Statements.

Our Company is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. Our Company is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations, as follows:

(a) Neither our Company, nor our Promoter, nor members of our Promoter Group, nor our Directors or any of the Selling Shareholders are debarred from accessing the capital markets by the SEBI.
(b) Neither our Promoter nor our Directors are promoters or directors of companies which are debarred from accessing the capital markets by SEBI.
(c) Neither our Company, nor our Promoter or any of our Directors or is declared to be is a wilful defaulter by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.
(d) Neither of our Promoter or Directors is a fugitive economic offender.
(e) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus, except for options granted under SBIC ESOP Scheme.

The Selling Shareholders, severally and not jointly, confirm that they are in compliance with Regulation 8 of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF THE SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMs HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 26, 2019 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT 2013 OR FROM THE

REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMs, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Disclaimer from our Company, our Directors, the Selling Shareholders and the BRLMs

Our Company, our Directors, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.sbicard.com, or any affiliate of our Company, any of the Group Companies or any of the Selling Shareholders, would be doing so at his or her own risk. It is clarified that neither the Selling Shareholders, nor their respective directors, affiliates, associates and officers, accept and/or undertake any responsibility for any statements made or undertakings provided other than those specifically made or undertaken by such Selling Shareholder in relation to itself and/or the Equity Shares offered by it through the Offer for Sale.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Bidders who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company our Group Companies, the Selling Shareholders and their respective affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Further, SBI is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. SBI and SBICAP are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A of the SEBI Merchant Bankers Regulations and Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, Hindu Undivided Families ("**HUFs**"), companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), systemically important non-banking financial companies or trusts under the applicable trust laws, and who are authorized under their respective constitutions to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act 2013, venture capital funds, permitted insurance companies and pension funds and, to permitted non-residents including Eligible NRIs, Alternative Investment Funds ("**AIFs**"), Foreign Portfolio Investors registered with SEBI ("**FPIs**") and QIBs. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Delhi, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs or in the affairs of the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Eligibility and Transfer Restrictions

The Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs".

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of this Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the Securities Act if such an offer for sale is made otherwise than in compliance with Section 4(a)(2) or Rule 144A or another available exemption from registration under the Securities Act.

Equity Shares Offered and Sold within the United States

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer within the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with the Company, the Selling Shareholders and the BRLMs that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(3) the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a U.S. QIB with respect to which it exercises sole investment discretion;

(4) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

(5) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A under the Securities Act or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;

(6) the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;

(7) the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

(8) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the United States with respect to the Equity Shares;

(9) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(10) the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

(11) the purchaser acknowledges that the Company, the Selling Shareholders, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares Offered and Sold in this Offer

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer outside the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares offered pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with the Company, the Selling Shareholders and the BRLMs that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(3) the purchaser is purchasing the Equity Shares offered pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

(4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Offer, was located outside the United States at the time (i) the offer for such Equity Shares was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

(5) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

(6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;

(7) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the United States with respect to the Equity Shares;

(8) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(9) the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

(10) the purchaser acknowledges that the Company, the Selling Shareholders, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

In relation to each European Economic Area State that has implemented the Prospectus Directive (Directive 2003/71/EC) and amendments thereto, including Directive 2010/73/EU and to the extent applicable, Prospectus Regulation (EU) 2017/1129 (each, a "**Relevant Member State**"), an offer to the public of any Equity Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors), subject to obtaining the prior consent of the BRLMs; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Equity Shares shall result in a requirement for the Company, the Selling Shareholders or any BRLM to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Draft Red Herring Prospectus will be deemed to have represented, warranted and agreed to with the BRLMs and the Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public in a Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, other than their offer or resale to qualified investors or in circumstances in which the prior consent of the BRLMs has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders, the BRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

This Draft Red Herring Prospectus is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU and to the extent applicable, Prospectus Regulation (EU) 2017/1129).

Bidders are advised to ensure that any Bid from them does not exceed the investment limits or the maximum number of Equity Shares that can be held by them under applicable law.

Bidders are advised to ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to us shall be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by the NSE to us shall be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer Clause of RBI

THE COMPANY IS HAVING A VAILID CERTIFICATE OF REGISTRATION DATED OCTOBER 6, 1998 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, THE RESERVE BANK OF INDIA DOES NOT ACCEPT ANY RESPONSBIITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/ DISCHARGE OF LIABILITIES BY THE COMPANY

Listing

Applications will be made to the Stock Exchanges for obtaining permission to deal in and for an official quotation of the Equity Shares being issued and sold in the Offer and [●] is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI. If our Company does not allot Equity Shares pursuant to the Offer within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period. For avoidance of doubt, no liability to make any payment of interest shall accrue to the Promoter Selling Shareholder or the Investor Selling Shareholder unless any delay in making any of the payments hereunder or any delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is solely attributable to the Promoter Selling Shareholder and/or the Investor Selling Shareholder, respectively.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

"*Any person who –*
(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or
(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447."

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Consents

Consents in writing of: (a) the Selling Shareholders, our Directors, the Company Secretary and Compliance Officer, the legal counsels, the bankers to our Company, industry sources, third party chartered accountants, the BRLMs and Registrar to the Offer have been obtained; and (b) the Syndicate Members, Bankers to the Offer/Escrow Bank, Public Offer Account Bank, Sponsor Bank and Refund Bank to act in their respective capacities, will be obtained. Further, such consents shall not be withdrawn up to the time of delivery of this Draft Red Herring Prospectus and the Prospectus with the SEBI.

Our Company has received consent of our Statutory Auditors, S. Ramanand Aiyar & Co, to include their name as required under Section 26(5) of the Companies Act 2013 in this Draft Red Herring Prospectus, and as an "expert", as defined under Section 2(38) of the Companies Act 2013 in respect of the report of the Statutory Auditors on the Restated Financial Statements dated November 11, 2019 and the statement of special tax benefits dated November 22, 2019 included in this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under Securities Act.

Particulars regarding public or rights issues during the last five years

Our Company has not undertaken any public issue in the five years preceding the date of this Draft Red Herring Prospectus. Further, except as disclosed in *"**Capital Structure**"* on page 75 our Company has not undertaken any rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

Commission or brokerage on previous issues in the last five years

Since this is the initial public offering of the Equity Shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares in the five years preceding the date of this Draft Red Herring Prospectus.

Capital Issues in the Preceding Three Years

Except as disclosed in "***Capital Structure***" on page 75, our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus. As on the Date of this Draft Red Herring Prospectus, our Company does not have any subsidiary or associate entity.

Our Group Company, SBI Life have equity shares listed on the Stock Exchanges. SBI Life made an initial public offer of its equity shares in 2017. Details of such initial public offer by SBI Life are as below

Information	Details
Year of issue	2017
Type of issue (public/rights/composite)	Public issue (through offer for sale)
Amount of issue (₹)	83,887 million
Issue price (₹)	700 per equity share
Current market price (₹)	993.30 (as on March 31, 2019)1
Date of closure of issue	September 22, 2017
Date of allotment and credit of securities to dematerialized account of investors	September 28, 2017
Date of completion of the project, where object of the issue was financing the project	N.A.
Rate of dividend paid	20% (as on March 31, 2019)

Performance vis-à-vis Objects – Public/ rights issue of our Company

Our Company has not undertaken any public issues in the five years preceding the date of this Draft Red Herring Prospectus. Further, except as disclosed in "***Capital Structure***" on page 75, our Company has not undertaken any rights issue in the five years preceding the date of this Draft Red Herring Prospectus. The objects for which the rights issue was undertaken has been achieved without any delay or shortfall.

Performance vis-à-vis Objects – Public/ rights issue of the listed Promoter of our Company

Our Promoter has not undertaken any public issues in the five years preceding the date of this Draft Red Herring Prospectus.

Price information of past issues handled by the BRLMs

<u>Kotak</u>

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Kotak Mahindra Capital Company Limited*

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Polycab India Limited(1)	13,452.60	538	April 16, 2019	633.00	+15.36% [-5.35%]	+14.70%[-1.99%]	+23.76%[-4.09%]
2.	Metropolis Healthcare Limited	12,042.88	880	April 15, 2019	958.00	+3.75% [-4.01%]	+21.39%[-1.18%]	+45.93%[-3.30%]
3.	CreditAccess Grameen Limited	11,311.88	422	August 23, 2018	390.00	-21.6% [-3.80%]	-14.91% [-8.00%]	-5.71%[-8.13%]
4.	HDFC Asset Management Company Limited	28,003.31	1,100	August 6, 2018	1,726.25	+58.35% [+1.17%]	+30.61% [-7.32%]	+23.78%[-4.33%]
5.	TCNS Clothing Co. Limited	11,251.25	716	July 30, 2018	716.00	-9.29% [+3.70%]	-19.74% [-11.39%]	-1.00%[-4.76%]
6.	Varroc Engineering Limited(2)	19,549.61	967	July 6, 2018	1,015.00	+1.62% [+5.46%]	-7.29% [+0.79%]	-24.01% [+1.28%]
7.	IndoStar Capital Finance Limited	18,440.00	572	May 21, 2018	600.00	-0.96% [+1.84%]	-16.28% [+9.07%]	-39.97 [+1.57%]
8.	Lemon Tree Hotels Limited	10,386.85	56	Apr 9, 2018	61.60	+30.18% [+3.26%]	+29.91% [+3.79%]	+19.46% [-0.61%]
9.	Bandhan Bank Limited	44,730.19	375	March 27, 2018	499.00	+31.81% [+3.79%]	+42.96 [+6.26%]	+51.89% [9.42%]
10.	Aster DM Healthcare Limited	9,801.36	190	February 26, 2018	183.00	-13.66% [-3.77%]	-4.97% [+0.21%]	-8.16% [+9.21%]

Source: www.nseindia.com

Notes:

1. *In Polycab India Limited, the issue price to employees was ₹ 485 after a discount of ₹ 53 per equity share.*
2. *In Varroc Engineering Limited, the issue price to employees was ₹ 919 after a discount of ₹ 48 per equity share.*
3. *In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.*
4. *The 30th, 90th, 180th calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days.*
5. *Nifty is considered as the benchmark index.*
6. *Restricted to last 10 equity public issues.*

2. *Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Kotak Mahindra Capital Company Limited*

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-20	2	25,495.48	-	-	-	-	-	2	-	-	-	-	1	1
2018-19	6	98,942.90	-	-	3	1	1	1	-	1	3	-	-	2

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18	9	384,510.39	-	1	5	-	1	2	-	-	5	2	1	1

Notes:

1. The information is as on the date of this Draft Red Herring Prospectus.

The information for each of the financial years is based on issues listed during such financial year.

Axis

1. *Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Axis Capital Limited*

Sr. No.	Issue name	Issue size (` millions)	Issue price(`)	Listing date	Opening price on listing date (in `)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Sterling And Wilson Solar Limited	28,809.42	780.00	20-Aug-19	706.00	-21.88%, [-1.60%]	-48.63%, [+7.97%]	-
2	Spandana Sphoorty Financial Limited	12,009.36	856.00	19-Aug-19	825.00	-0.56%, [-2.14%]	+52.76%, [+7.61%]	-
3	Polycab India Limited	13,452.60	538.00^	16-Apr-19	633.00	+15.36%, [-5.35%]	+14.70%, [-1.99%]	+23.76%, [-4.09%]
4	Chalet Hotels Limited	16,411.80	280.00	07-Feb-19	294.00	+1.14%, [-0.31%]	+24.41%, [+3.87%]	+10.77%, [-1.87%]
5	Ircon International Limited	4,667.03	475.00*	28-Sep-18	412.00	-27.04%, [-8.24%]	-6.60%, [-1.84%]	-15.71%, [+5.06%]
6	HDFC Asset Management Company Limited	28,003.31	1,100.00	06-Aug-18	1,726.25	+57.43%, [+1.17%]	+30.61%, [-7.32%]	+23.78%,[-4.33%]
7	Sandhar Technologies Limited	5,124.80	332.00	02-Apr-18	346.10	+18.09%, [+5.17%]	+15.95%,[+4.92%]	-4.20%, [+7.04%]
8	Hindustan Aeronautics Limited	41,131.33	1,215.00!	28-Mar-18	1,152.00	-6.96%, [+4.98%]	-25.84%, [+6.41%]	-25.45%, [+10.18%]
9	Bandhan Bank Limited	44,730.19	375.00	27-Mar-18	499.00	+31.81%, [3.79%]	+42.96%, [+6.26%]	+51.89%, [+9.42%]
10	Aster DM Healthcare Limited	9801.00	190.00	26-Feb-18	183.00	-13.66%, [-3.77%]	-4.97%, [+0.21%]	-8.16%, [+9.21%]

Source: www.nseindia.com
** Offer Price was 465.00 per equity share to Retail Individual Bidders and Eligible Employees*
! Offer Price was `1,190.00 per equity share to Retail Individual Bidders and Eligible Employees
^Offer Price was ` 485.00 per equity share to Eligible Employees

Notes:

a. Issue Size derived from Prospectus/final post issue reports, as available.
b. The CNX NIFTY is considered as the Benchmark Index.
c. Price on NSE is considered for all of the above calculations.
d. In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.
e. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

2. *Summary statement of price information of past issues (during current financial year and two financial years*

preceding the current financial year) handled by Axis Capital Limited

Financial Year	Total no. of IPOs	Total funds raised (` in millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2019-2020*	3	54,271.38	-	-	2	-	-	1	-	-	-	-	-	1
2018-2019	4	54,206.94	-	1	-	1	-	2	-	-	2	-	-	2
2017-2018	18	492,662.22	-	1	9	1	3	4	-	2	7	4	2	3

** The information is as on the date of the document*
The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

BofA Securities

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by BofA Securities*

Sr. No.	Offer Name	Offer Size (₹ in mm)	Offer Price (₹)	Listing Date	Opening Price on Listing Date (₹)(2)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing (3) (4) (5)	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing (3) (4) (6)	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing (3) (4) (7)
1	HDFC Asset Management Company Limited	28,003.31	1,100.00	6-Aug-18	1,726.25	+58.04% [+1.17%]	+29.60% [-7.58%]	+23.78% [-4.33%]
2	ICICI Securities Limited(8)	34,801.16	520.00	4-Apr-18	435.00	-27.93% [+5.44%]	-37.26% [+5.22%]	-46.17% [+8.69%]
3	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	27-Sep-17	651.10	+3.62% [+6.25%]	+18.97% [8.17%]	+15.36% [4.06%]

Source: www.nseindia.com; for price information and prospectus/ basis of allotment for issue details

Notes:
1. *Equity public issues in last 3 financial years considered.*
2. *Opening price information as disclosed on the website of NSE.*
3. *Benchmark index is CNX Nifty.*
4. *In case 30th day, 90th day or 180th day is not a trading day, closing price on NSE of next trading day is considered.*
5. *30th listing day has been taken as listing date plus 29 calendar days.*
6. *90th listing day has been taken as listing date plus 89 calendar days.*
7. *180th listing day has been taken as listing date plus 179 calendar days.*
8. *Calculated offer size based on final allotment after technical rejections which is 66,925,305 Equity Shares.*

2. *Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by BofA Securities*

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-20 (1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2018-19	2	62,804.47	-	1	-	1	-	-	-	1	-	-	-	1
2017-18	1	57,009.39	-	-	-	-	-	1	-	-	-	-	-	1

Notes:

1. *The information is as on the date of this Draft Red Herring Prospectus.*
2. *Based on the day of listing*

<u>HSBC</u>

Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by HSBC Securities and Capital Markets (India) Private Limited:

Sr. no.	Issue name	Issue size (INRm)	Issue price (INR)	Listing date	Opening price on listing date (INR)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	General Insurance Corporation of India	111,758.43	912.00	25-Oct-17	850.00	-12.92%, [+0.52%]	-13.95%, [+6.52%]	-22.02%, [+2.81%]

Source: www.nseindia.com

Notes:

a. *Price on NSE is considered in all of the above calculations*

b. *NIFTY was considered as the Benchmark Index in all of the above cases*

c. *In case 30th/90th/180th calendar day from listing is not a trading day, closing price on NSE of the next trading day has been considered*

Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by HSBC Securities and Capital Markets (India) Private Limited:

Financial year	Total no. of IPOs	Total funds raised (INRm)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%
2019-20	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2018-19	-		-	-	-	-	-	-	-	-	-	-	-	-
2017-18	1	111,758.43	-	-	1	-	-	-	-	-	1	-	-	-

Source: www.nseindia.com

Notes:

a. Price on NSE is considered in all of the above calculations

b. In case 30th/90th/180th calendar day from listing is not a trading day, closing price on NSE of the next trading day has been considered

Nomura

1. *Price information of past issues(during current financial year and two financial years preceding the current financial year) handled by Nomura*

Sr. No.	Issue name	Issue size (` millions)	Issue price(`)	Listing date	Opening price on listing date (in `)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Affle (India) Limited	4,590.00	745	August 8, 2019	926.00	+13.09%, [-0.78%]	+86.32%, [+8.02%]	Not Applicable
2	HDFC Asset Management Company Limited	28,003.31	1,100	August 6, 2018	1,726.25	+58.04%, [+1.17%]	+29.60%,[-7.58%]	+23.78%,[-4.33%]
3	Indostar Capital Finance Limited	18,440.00	572	May 21, 2018	600	-0.96% ,[+1.84%]	-15.87%,[+9.84%]	-38.57%,[+2.35%]
4	Future Supply Chain Solutions Limited	6,496.95	664	December 18 2017	664	+3.50% ,[+3.00%]	+6.27%, [-2.83%]	-5.20%,[+4.13%]
5	HDFC Standard Life Insurance Company Limited	86,950.07	290	November 17 2017	310	+30.16% ,[+1.02%]	+48.93%, [+2.11%]	+74.66%, [+5.04%]
6	The New India Assurance Company Limited[1]	95,858.23	800	November 13 2017	750	-27.91% ,[+0.15%]	-7.81%, [+3.08%]	-13.06%, [+5.69%]
7	Reliance Nippon Life Asset Management Limited	15,422.40	252	November 6, 2017	295.9	+3.61% ,[-3.19%]	+8.12%, [+2.05%]	-4.21%,[+1.59%]
8	Central Depository Services (India) Limited	5,239.91	149	June 30, 2017	250	+127.92%, [+5.84%]	+128.86%, [+2.26%]	+146.71%, [+10.61%]
9	Tejas Networks Limited	7,766.88	257	June 27, 2017	257	+28.04%, [+5.35%]	+17.82%, [+3.80%]	+51.36%, [+10.73%]
10	Housing and Urban Development Corporation Limited[2]	12,097.77	60	May 19, 2017	73	+13.17%, [+2.44%]	+34.67%, [+4.98%]	+35.67%, [+8.05%]

Source: www.nseindia.com

1. *Price for retail individual investors and Eligible Employees bidding in the Employee Reservation Portion was INR 770.00 per equity share*
2. *Price for retail individual bidders bidding in the retail portion and to eligible employees was INR 58.00 per equity share*

Notes:

f. The CNX NIFTY has been considered as the Benchmark Index.

g. Price on NSE is considered for all of the above calculations.

h. In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.

i. Not applicable – Period not completed

2. Summary statement of price information of past issues(during current financial year and two financial years preceding the current financial year) handled by Nomura

Financial Year	Total no. of IPOs	Total funds raised (` in millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2019-2020*	1	4,590.00	-	-	-	-	-	1	-	-	-	-	-	-
2018-2019	2	46,443.31	-	-	1	1	-	-	-	1	-	-	-	1
2017-2018	7	229,832.21	-	1	-	1	2	3	-	-	3	3	1	-

Source: *www.nseindia.com*
Notes:
** 1 issue was concluded in 2019-2020 which has not yet completed 180 days.*
a) The information is as on the date of this Draft Red Herring Prospectus.
b) The information for each of the financial years is based on issues listed during such financial year.

SBICAP

Price information of past issues handled by SBI Capital Markets Limited:

Sr. No.	Issue Name	Issue Size (₹ Mn.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Indian Railway Catering and Tourism Corporation Ltd [1]	6,379.60	320.00	October 14, 2019	626.00	191.53% [5.05%]	-	-
2	Sterling and Wilson Solar Limited	28,496.38	780.00	August 20, 2019	706.00	-21.88% [-1.60%]	-	-
3	Ircon International Limited [2]	4,667.03	475.00	September 28, 2018	412.00	-27.04% [8.24%]	-6.60% [-1.84%]	-15.71% [5.06%]
4	RITES Limited [3]	4,604.40	185.00	July 02, 2018	190.00	34.97% [+6.56%]	33.03% [+2.56%]	49.70% [+1.90%]
5	ICICI Securities Ltd	35,148.49	520.00	April 04, 2018	435.00	-27.93% [+5.44	-37.26% [+5.22%]	-44.39% [+7.92%]
6	Mishra Dhatu Nigam Limited [4]	4,328.96	90.00	April 04, 2018	87.00	67.89% [+5.44]	40.44% [+5.22%]	29.50% [+7.92%]
7	Hindustan Aeronautics Ltd [5]	41,131.33	1,215.00	March 28, 2018	1,152.00	-6.96% [+4.98%]	-25.84% [+6.41%]	-25.45%[+10.18%]
8	Bharat Dynamics Limited [6]	9,527.88	428.00	March 23, 2018	370.00	-2.90% [+5.66%]	-9.78% [+7.74%]	-19.60%[+12.81%]
9	H. G. Infra Engineering Limited	4,620.00	270.00	March 9, 2018	270.00	19.19% [+1.02%]	8.35% [+4.48%]	-12.81%[+12.65%]
10	Amber Enterprises	5,995.99	859.00	January 30, 2018	1,175.00	27.15% [-5.04%]	24.98% [-3.23%]	6.73% [+2.07%]

India Limited[7]

Source: www.nseindia.com
Notes:

* The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*

** The Nifty 50 index is considered as the Benchmark Index*

** The number of Issues in Table-1 is restricted to 10*

1 Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 310.00 per equity share
2 Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 465.00 per equity share
3 Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 179.00 per equity share
4 Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 87.00 per equity share
5 Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 1,190.00 per equity share
6 Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 418.00 per equity share
7 Price for eligible employees was Rs.774.00 per equity share

Summary statement of disclosure Price information of past issues during current financial year and two financial years preceding the current financial year handled by SBI Capital Markets Limited:

Financial Year	Total no. of IPOs[#]	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-20*	2	34,875.98	-	1	-	1	-	-	-	-	-	-	-	-
2018-19	4	48,748.88	-	1	1	1	1	-	-	1	-	-	2	1
2017-18	10	1,64,517.67	-	-	4	1	2	3	-	2	3	1	2	2

** The information is as on the date of this Draft Red Herring Prospectus.*
 # Date of Listing for the issue is used to determine which financial year that particular issue falls into.

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement, provides for retention of records with the Registrar to the Offer for a minimum period of eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Offer for redressal of their grievances. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

Our Compay is in compliance with the SEBI circular no.CIR/OIAE/1/2013 dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

Bidders can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc.

All grievances, other than of Anchor Investors may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid-cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for Retail Individual Investors who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form and the name and address of the relevant Designated Intermediary where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

Our Company, the BRLMs and the Registrar accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

Disposal of Investor Grievances by our Company

We estimate that the average time required by our Company and/or the Registrar to the Offer for the redressal of routine investor grievances shall be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Ms. Payal Mittal Chhabra, Company Secretary as the Compliance Officer and she may be contacted in case of any pre-Offer or post-Offer related problems, at the address set forth hereunder.

Payal Mittal Chhabra
2nd Floor
Tower-B, Infinity Towers
DLF Cyber City, Block 2 Building 3
DLF Phase 2
Gurugram
Haryana 122 002, India
Telephone: +91 24 458 9803
E-mail: investor.relations@sbicard.com

The Selling Shareholders have authorized the Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of their respective portion of the Offered Shares.

Our Company is in compliance with the SEBI circular no.CIR/OIAE/1/2013 dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

Further, our Board has constituted a Stakeholders' Relationship Committee comprising our Directors, Mr. Rajendra Kumar Saraf, Mr. Shree Prakash Singh and Mr. Sunil Kaul, which is responsible for redressal of grievances of the security holders of our Company. For more information, see "***Our Management***" on page 170.

Our Company has not received any investor grievances during the three years preceding the date of this Draft Red Herring Prospectus and as on date, there are no investor complaints pending.

SECTION VII – OFFER RELATED INFORMATION

TERMS OF THE OFFER

The Equity Shares offered and Allotted in the Offer will be subject to the provisions of the Companies Act 2013, the SEBI ICDR Regulations, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus and the Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN, the abridged prospectus and other terms and conditions as may be incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to issue and offer for sale and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities to the extent applicable or such other conditions as maybe prescribed by such governmental and/or regulatory authority while granting approval for the Offer.

Ranking of Equity Shares

The Equity Shares being offered and Allotted in the Offer will be subject to the provisions of the Companies Act 2013, the Memorandum of Association and the Articles of Association and will rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company. For more information, see "***Main Provisions of the Articles of Association***" on page 422.

Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our equity shareholders, as per the provisions of the Companies Act 2013, the SEBI Listing Regulations, the Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared after the date of Allotment (including pursuant to the transfer of Equity Shares from the Offer for Sale) in this Offer will be received by the Allottees, for the entire year, in accordance with applicable law. For more information, see "***Dividend Policy***" and "***Main Provisions of the Articles of Association***" on pages 202 and 422, respectively.

Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹ 10 and the Offer Price is ₹ [●] per Equity Share . At any given point of time there will be only one denomination for the Equity Shares. The Floor Price of the Equity Shares is ₹ [●] and the Cap Price of the Equity Shares is ₹ [●], being the Price Band. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band, the minimum Bid Lot and the Employee Discount, if any, will be decided by our Company and Selling Shareholders, in consultation with the BRLMs and shall be published at least two Working Days prior to the Bid/Offer Opening Date, in [●] editions of [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of New Delhi, where our Registered Office is located), and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price shall be pre-filled in the Bid-cum-Application Forms available at the website of the Stock Exchanges.

Rights of the Equity Shareholders

Subject to applicable law and our Articles of Association, the equity Shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable laws including any rules and regulations prescribed by the RBI; and

- Such other rights as may be available to a shareholder of a listed public company under the Companies Act 2013, the terms of the SEBI Listing Regulations and our Memorandum of Association and Articles of Association and other applicable laws.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see "***Main Provisions of the Articles of Association***" on page 422.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act 2013, and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see "***Offer Procedure***" on page 404.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 72 of the Companies Act 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act 2013, will, on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

Bid/Offer Period

BID/OFFER OPENS ON*	[●]
BID/OFFER CLOSES ON**	[●]
FINALIZATION OF BASIS OF ALLOTMENT WITH THE DESIGNATED STOCK EXCHANGE	[●]

INITIATION OF REFUNDS (IF ANY, FOR ANCHOR INVESTORS)/UNBLOCKING OF FUNDS FROM ASBA ACCOUNT	[●]
CREDIT OF EQUITY SHARES TO DEMAT ACCOUNTS OF ALLOTTEES	[●]
COMMENCEMENT OF TRADING OF THE EQUITY SHARES ON THE STOCK EXCHANGES	[●]

** Our Company and the Selling Shareholders in consultation with the BRLMs may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*
*** Our Company and the Selling Shareholders in consultation with the BRLMs, may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date.*

This timetable, is indicative in nature and does not constitute any obligation or liability on our Company, the respective Selling Shareholders or the members of the Syndicate. While our Company will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by SEBI, the timetable may be subject to change for various reasons, including extension of Bid/Offer Period by our Company and the Selling Shareholders, due to revision of the Price Band, any delays in receipt of final listing and trading approvals from the Stock Exchanges, delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law.

Except in relation to Anchor Investors, Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Offer Period at the Bidding Centers, except that on the Bid/Offer Closing Date (which for QIBs may be a day prior to the Bid/Offer Closing Date for non-QIBs), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) for Bids by QIBs, Non-Institutional Investors and SBI Shareholders bidding in SBI Shareholders Reservation Portion (for Bid Amount of more than ₹ 200,000); and (ii) 5.00 p.m. or such extended time as permitted by the Stock Exchanges (Indian Standard Time) in case of Bids by Retail Individual Investors, Eligible Employees bidding in the Employee Reservation Portion and SBI Shareholders bidding in SBI Shareholders Reservation Portion (for Bid Amount up to ₹ 200,000). On the Bid/Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Investors, Eligible Employees bidding in the Employee Reservation Portion and SBI Shareholders bidding in the SBI Shareholders Reservation Portion (for Bid Amount up to ₹ 200,000), after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and as informed to the Stock Exchanges.

Due to limitation of time available for uploading Bids on the Bid/Offer Closing Date, Bidders are advised to submit Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. Bidders are cautioned that if a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Offer. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by the SCSBs would be rejected. Our Company, the respective Selling Shareholders and the members of Syndicate will not be responsible or liable for any failure in uploading Bids due to faults in any hardware/software system or otherwise. Bids will be accepted only on Working Days. Bidders may please note that as per letters dated July 3, 2006 and July 6, 2006, issued by the BSE and NSE respectively, Bids and any revisions in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges.

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations, provided that the Cap Price will be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges by issuing a press release and by indicating the change on the

websites of the BRLMs and terminals of the Syndicate Members and will also intimated to SCSBs, the Registered Brokers, RTAs and CDPs.

In case of discrepancy in data entered in the electronic book vis-à-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Fresh Issue on the date of closure of the issue; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law.

In the event of under-subscription in the Offer, the Equity Shares will be Allotted in the following order:

(i) such number of Equity Shares will first be Allotted by the Company such that 90% of the Fresh Issue portion is subscribed;

(ii) next, all the Equity Shares held by the Selling Shareholders and offered for sale in the Offer for Sale will be Allotted; and

(iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by the Company that the balance 10% of the Fresh Issue portion is also subscribed;

No liability to make any payment of interest shall accrue to the Promoter Selling Shareholder or the Investor Selling Shareholder unless any delay in making any of the payments hereunder or any delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is solely attributable to the Promoter Selling Shareholder and/or the Investor Selling Shareholder, respectively.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangement for Disposal of Odd Lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restriction on Transfer of Shares and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company and the Anchor Investor lock-in in the Offer as detailed in "***Capital Structure***" on page 75, and except as provided in the Articles of Association as detailed in "***Main Provisions of the Articles of Association***" on page 422, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/ splitting.

OFFER STRUCTURE

The Offer of [●] Equity Shares for cash at price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating to ₹ [●] million comprising of a Fresh Issue of [●] Equity Shares aggregating ₹ 5,000 million by our Company and an Offer of Sale of up to 130,526,798 Equity Shares, aggregating up to ₹ [●] million (comprising up to 37,293,371 Equity Shares aggregating up to ₹ [●] million by SBI and up to 93,233,427 Equity Shares aggregating up to ₹ [●] million by CA Rover). The Offer comprises of a Net Offer of up to [●] Equity Shares and Employee Reservation Portion of up to 1,864,669 Equity Shares and SBI Shareholders Reservation Portion up to 13,052,680 Equity Shares. The Offer and the Net Offer shall constitute [●]% and [●]%, respectively of the post-offer paid-up equity share capital of our Company.

The Offer is being made through Book Building Process.

Particulars	SBI Shareholders Reservation Portion	Employee Reservation Portion	QIBs*	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation**	Up to 13,052,680 Equity Shares	Up to 1,864,669 Equity Shares	[●] Equity Shares	Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/ allocation	The SBI Shareholders Reservation Portion shall constitute up to [●]% of the size of the Offer	The Employee Reservation Portion shall constitute up to [●]% of the post-Offer paid-up Equity Share capital of our Company	Not more than 50% of the Net Offer size shall be allocated to QIB Bidders. However, 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Category. The unsubscribed portion in the Mutual Fund portion will be available for allocation in the QIB Category (excluding the Anchor Investor Portion).	Not less than 15% of the Net Offer, or the Net Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Net Offer, or the Net Offer less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Basis of Allotment/ allocation if	Proportionate	Proportionate; unless the Employee Reservation Portion is	Proportionate as follows (excluding the	Proportionate	Proportionate, subject to minimum bid lot. The

Particulars	SBI Shareholders Reservation Portion	Employee Reservation Portion	QIBs*	Non-Institutional Bidders	Retail Individual Bidders
respective category is oversubscribed**		undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for a value exceeding ₹ 200,000 up to ₹ 500,000 each.	Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors		allotment to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details see, "***Offer Procedure***" on page 404
Mode of Bidding	Through ASBA process only (other than Anchor Investors)				
Minimum Bid	[●] Equity Shares	[●] Equity Shares	Such number of Equity Shares and in multiple of [●] Equity Shares, that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiple of [●] Equity Shares that the Bid Amount exceeds ₹200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares not exceeding the size of the SBI Shareholders Reservation Portion, subject to applicable limits.	Such number of Equity Shares and in multiples of [●] Equity Shares so that the maximum Bid Amount by each Eligible Employee in this portion does not exceed ₹ 500,000, less Employee Discount, if any	Such number of Equity Shares and in multiples of [●] Equity Shares not exceeding the size of the Net Offer, subject to applicable limits	Such number of Equity Shares and in multiples of [●] Equity Shares not exceeding the size of the Net Offer (excluding QIB portion), subject to applicable limits	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter				
Mode of allotment	Compulsorily in dematerialised form				

Particulars	SBI Shareholders Reservation Portion	Employee Reservation Portion	QIBs*	Non-Institutional Bidders	Retail Individual Bidders
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter				
Trading Lot	One Equity Share				
Who can apply***	Individuals and HUFs who are the public equity shareholders of SBI, (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines and depository receipt holders of SBI) as on the date of the Red Herring Prospectus.	Eligible Employees (excluding such persons not eligible under applicable laws, rules, regulations and guidelines) such that the Bid Amount does not exceed ₹ 500,000	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, Mutual Funds, Eligible FPIs (other than Category II FPIs), VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million, National Investment Fund set up by the Government of India, the insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important Non-Banking Financial Companies.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions societies and trusts and any individuals, corporate bodies and family offices which are recategorised as category II FPI and registered with SEBI	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta)
Terms of Payment****			**In case of Anchor Investors**: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids(3) **In case of all other Bidders**: Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA		

Particulars	SBI Shareholders Reservation Portion	Employee Reservation Portion	QIBs*	Non-Institutional Bidders	Retail Individual Bidders
			Bidder (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form, or by the Sponsor Bank through the UPI mechanism (only for Retail Individual Investors)		

** Our Company and the Selling Shareholders may,in consultation with the BRLMs, allocate up to 60% of the QIB Category to Anchor Investors at the price at which allocation is made to Anchor Investors, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to Anchor Investors, which price shall be determined by the Company and the Selling Shareholders in consultation with the BRLMs.*

*** The Offer is being made in terms of Rule 19(2)(b) SCRR. The Offer is being made through the Book Building Process, in compliance with Regulation 6(1) of the SEBI ICDR Regulations, where not more than 50% of the Offer will be Allotted on a proportionate basis to QIBs, provided that the Anchor Investor Portion may be allocated on a discretionary basis, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which Equity Shares are allocated to Anchor Investors. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. If at least 50% of the Offer cannot be Allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer shall be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, (including Employee Reservation Portion and the SBI Shareholders Reservation Portion), in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws. Unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹ 200,000 up to ₹ 500,000. Eligible Employees bidding in the Employee Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids. Further, Eligible Employees bidding in the Employee Reservation Portion and the SBI Shareholders Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) can also Bid under the Net Offer and such Bids will not be treated as multiple Bids. Bidders Bidding in the SBI Shareholders Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids. To clarify, a SBI Shareholder Bidding in the SBI Shareholders Reservation Portion above ₹ 200,000 cannot Bid in the Net Offer as such Bids will be treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. Under-subscription, if any, in any category, including the Employee Reservation Portion and the SBI Shareholders Reservation Portion, except in the QIB Category, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.*

****If the Bid is submitted in joint names, the Bid-cum-Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the First Bidder would be required in the Bid-cum-Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.*

*****Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid-cum-Application Form, provided that any difference between the price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN.*

Bidders will be required to confirm and will be deemed to have represented to our Company, the respective Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Employee Discount

Employee Discount, if any, will be offered to Eligible Employees bidding in the Employee Reservation Portion, and, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount net of Employee Discount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, less Employee Discount, at the time of making a Bid.

Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Offer after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the

Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank to unblock the bank accounts of the ASBA/UPI Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed.

If our Company or the Selling Shareholders, withdraw the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with public offering of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

OFFER PROCEDURE

All Bidders should read the General Information Document for Investing in Public Issues, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document, which are applicable to the Offer.

*Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note ("**CAN**") and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.*

*SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 as amended from time to time, including pursuant to circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019 ("**UPI Circular**") has proposed to introduce an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism in addition to ASBA for applications by Retail Individual Investors through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Investors applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days ("**UPI Phase I**"), until June 30, 2019. Subsequently, for applications by Retail Individual Investors through Designated Intermediaries, the process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism with existing timeline of T+6 days is applicable for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Further, as per the SEBI circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, the UPI Phase II has been extended until March 31, 2020. Thereafter, the final reduced timeline will be made effective using the UPI Mechanism for applications by Retail Individual Investors ("**UPI Phase III**"), as may be prescribed by SEBI. The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid / Offer Opening Date. If the Offer is made under UPI Phase III of the UPI Circular, the same will be advertised in [●] editions of the English national daily newspaper, [●], and [●] editions of the Hindi national daily newspaper, [●], (Hindi also being the regional language of New Delhi, where our Registered Office is located) on or prior to the Bid / Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.*

Further, our Company, the respective Selling Shareholders and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Offer shall be available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders in consultation with the BRLMs may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. Further, in the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category. 5% of the net QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Furthermore, up to 1,864,669 Equity Shares, aggregating up to ₹ [●] million shall be made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price, net of Employee Discount, if any. Also, up to 13,052,680 Equity Shares, aggregating up to ₹ [●] million shall be made available for allocation on a proportionate basis only to SBI Shareholders Bidding in the SBI Shareholders Reservation Portion, subject to valid Bids being received at or above the Offer Price

Under-subscription, if any, in any category, including the Employee Reservation Portion and the SBI Shareholders Reservation Portion, except in the QIB Category, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, and UPI ID (for Retail Individual Investors Bidding through the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at relevant Bidding Centers and at our Registered Office. The Bid cum Application Forms will also be available for download on the websites of the NSE (www.nseindia.com) and the BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date. The Bid cum Application Forms for Eligible Employees Bidding in the Employee Reservation Portion will be available only at our offices and branches in India.

For Anchor Investors, the Bid cum Application Forms will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

Bidders (other than Anchor Investors and Retail Individual Investors Bidding using the UPI Mechanism) must provide bank account details and authorisation by the ASBA account holder to block funds in their respective ASBA Accounts in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such details are liable to be rejected.

Retail Individual Investors submitting their Bid cum Application Form to any Designated Intermediary (other than SCSBs) shall be required to bid using the UPI Mechanism and must provide the UPI ID in the relevant space provided in the Bid cum Application Form. Retail Individual Investors submitting their Bid cum Application Form to any Designated Intermediary (other than SCSBs) without mentioning the UPI ID are liable to be rejected. Retail Individual Investors Bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI.

Further, ASBA Bidders shall ensure that the Bids are submitted at the Bidding Centres only on ASBA Forms bearing the stamp of a Designated Intermediary (except in case of electronic ASBA Forms) and ASBA Forms not bearing such specified stamp maybe liable for rejection. Bidders, using the ASBA process to participate in the Offer, must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked therein.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis^	[●]

Non-Residents including FPIs, Eligible NRIs applying on a repatriation basis, FVCIs and registered bilateral and multilateral institutions ^	[●]
Anchor Investors**	[●]
Eligible Employees Bidding in the Employee Reservation Portion***	[●]
SBI Shareholders applying in the SBI Shareholders Reservation Portion	[●]

** Excluding electronic Bid cum Application Forms*
***Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs.*
**** The Bid cum Application Forms for Eligible Employees will be available only at our offices and branches in India..*
^Electronic Bid cum Application forms will also be available for download on the website of the NSE (www.nseindia.com) and the BSE (www.bseindia.com).

The Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs".

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Forms (except Bid cum Application Forms submitted by Retail Individual Investors Bidding using the UPI Mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank. For Retail Individual Investors using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate a UPI Mandate Request to such Retail Individual Investors for blocking of funds.

Participation by Promoter, Promoter Group, the BRLMs, associates and affiliates of the BRLMs and the Syndicate Members and the persons related to Promoter, Promoter Group, BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds, AIFs or FPIs sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs, no BRLM or its respective associates can apply in the Offer under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an "associate of the BRLM" if: (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

Further, the Promoter and members of the Promoter Group shall not participate by applying for Equity Shares in the Offer, except in accordance with the applicable law. Furthermore, persons related to the Promoter and the Promoter Group shall not apply in the Offer under the Anchor Investor Portion. However, a qualified institutional buyer who has rights under a shareholders' agreement or voting agreement entered into with the Promoter or Promoter Group of our Company, veto rights or a right to appoint any nominee director on our Board, shall be deemed to be a person related to the Promoter or Promoter Group of our Company.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs applying on a repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident External Accounts ("**NRE Account**"), or Foreign Currency Non-Resident Accounts ("**FCNR Account**"), and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid amount, at the time of submission of the Bid cum Application Form. Participation of Eligible NRIs in the Offer shall be subject to the FEMA regulations.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour).

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour).

For details of restrictions on investment by NRIs, see "***Restrictions on Foreign Ownership of Indian Securities***" on page 421.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs, should be made in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

Bids by FPIs

In terms of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 ("**SEBI FPI Regulations**"), investment in the Equity Shares by a single FPI or an investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control) shall be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Rules the total holding by each FPI or an investor group, cannot exceed 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the aggregate holdings of all the FPIs, including any other direct and indirect foreign investments in our Company, shall not exceed 24 % of the total paid-up Equity Share capital on a fully diluted basis.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the capital of an Indian company is subject to certain limits, i.e. the individual holding of an FPI (including its investor group) is restricted to below 10% of the capital of the company. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up equity capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e. 100%). The aggregate limit may be decreased below the sectoral cap to a threshold limit of 24% or 49% or 74% as deemed fit by way of a resolution passed by our Board followed by a special resolution passed by the Shareholders of our Company. In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Our Company has, pursuant to a resolution passed by our Board dated November 11, 2019 and resolution passed by our shareholders dated November 15, 2019 set the aggregate limit for investments by FPIs to 49% of the paid-up equity share capital of our Company.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

(a) such offshore derivative instruments are issued only by persons registered as Category I FPIs;
(b) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs;
(c) such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and
(d) such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (a) to (d)) and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Participation of FPIs in the Offer shall be subject to the FEMA Rules.

Bids by SEBI registered Alternative Investment Funds, Venture Capital Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, the venture capital funds which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI (Venture Capital Funds) Regulations, 1996 until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended ("**SEBI FVCI Regulations**") prescribe the investment restrictions on FVCIs.

The category I and II AIFs cannot invest more than 25% of their investible funds in one investee company. A category III AIF cannot invest more than 10% of its investible funds in one investee company. A VCF registered as a category I AIF, cannot invest more than one-third of its investible funds, in the aggregate, in certain specified instruments, including by way of subscription to an initial public offering of a venture capital undertaking. An FVCI can invest only up to 33.33% of its investible funds, in the aggregate, in certain specified instruments, which includes subscription to an initial public offering of a venture capital undertaking or an investee company (as defined under the SEBI AIF Regulations).

Participation of AIFs, VCFs and FVCIs shall be subject to the FEMA Rules.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the "**Banking Regulation Act**"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, whichever is less. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI, provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make investment in excess of 30% of the paid-up share capital of the investee company, investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by the SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 ("**IRDA Investment Regulations**"), and are based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid-cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, NBFC-SI, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and Selling Shareholders in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and Selling Shareholders in consultation with the BRLMs, may deem fit.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason therefor.

Bids by SBI Shareholders

Bids under the SBI Shareholders Reservation Portion shall be subject to the following:

(a) Only SBI Shareholders (i.e. individuals and HUFs who are equity shareholders of SBI (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) as at the date of the Red Herring Prospectus) would be eligible to apply in this Offer under the SBI Shareholders Reservation Portion.

(b) The sole/ First Bidder shall be a SBI Shareholder.

(c) Only those Bids, which are received at or above the Offer Price, would be considered for allocation under this category.

(d) The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.

(e) Bids by SBI Shareholders in SBI Shareholders Reservation Portion (subject to Bid Amount being up to ₹ 200,000) and in the Net Offer portion shall not be treated as multiple Bids. To clarify, an SBI Shareholders bidding in the SBI Shareholders Reservation Portion above ₹ 200,000 cannot Bid in the Net Offer as such

Bids will be treated as multiple Bids. Further, bids by SBI Shareholders in SBI Shareholders Reservation Portion (subject to Bid Amount being up to ₹ 200,000) and in the Employee Reservation Portion (as Eligible Employees), shall not be treated as multiple Bids Therefore, SBI Shareholders bidding in the SBI Shareholders Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) and bidding in the Employee Reservation Portion (as Eligible Employees) can also Bid under the Net Offer and such Bids will not be treated as multiple Bids.. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

(f) If the aggregate demand in this category is less than or equal to 13,052,680 Equity Shares at or above the Offer Price, full allocation shall be made to the SBI Shareholders to the extent of their demand.

(g) Under-subscription, if any, in any category including the SBI Shareholders Reservation Portion and the Employee Reservation Portion, except in the QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

(h) SBI Shareholders Bidding under the SBI Shareholders Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) are entitled to Bid at the Cut-off Price.

If the aggregate demand in this category is greater than 13,052,680 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis.

Bids by Eligible Employees

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 on a net basis. However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (which will be less Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion post the initial allocation, such unsubscribed portion may be allocated on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (which will be less Employee Discount). Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form (*i.e.* [●] colour form).

(b) The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee subject to a maximum Bid Amount of ₹ 500,000 (which will be less Employee Discount) on a net basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price.

(c) Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form.

(d) Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion and the Bidder should be an Eligible Employee as defined above.

(e) Bids by Eligible Employees in the Employee Reservation Portion and in the Net Offer portion shall not be treated as multiple Bids. Further, bids by Eligible Employees in the Employee Reservation Portion and in the SBI Shareholders Reservation Portion (subject to Bid Amount being up to ₹ 200,000), as SBI Shareholders, shall also not be treated as multiple Bids. Therefore, Eligible Employees bidding in the Employee Reservation Portion and the SBI Shareholders Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) can also Bid under the Net Offer and such Bids will not be treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

(f) Only those Bids, which are received at or above the Offer Price, net of Employee Discount, if any, would be considered for Allotment under this category.

(g) Eligible Employees can also Bid in the Net Offer to the Public and such Bids shall not be treated as multiple Bids.

(h) In case of joint bids, the First Bidder shall be an Eligible Employee.

(i) Eligible Employees shall not Bid through the UPI mechanism.

(j) If the aggregate demand in this category is less than or equal to 1,864,669 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000.

Under-subscription, if any, in any category including the Employee Reservation Portion and the SBI Shareholders Reservation Portion, except in the QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

The above information is given for the benefit of the Bidders. Our Company, the respective Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus, when filed. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulation and as specified in the Red Herring Prospectus, when filed.

In accordance with RBI regulations, OCBs cannot participate in the Offer.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act 2013, our Company will, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] editions of [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language in New Delhi where our Registered Office is located). Our Company shall, in the pre-Offer advertisement state the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Signing of Underwriting Agreement and filing of Prospectus with the RoC

Our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters on or immediately after the determination of the Offer Price. After signing the Underwriting Agreement, the Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and would be complete in all material respects.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. Ensure that you have Bid within the Price Band;

3. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than Retail Individual Investors Bidding using the UPI Mechanism) in the Bid cum Application Form and such ASBA account belongs to you and no one else. Further, Retail Individual Investors using the UPI Mechanism must also mention their UPI ID and shall use only his/her own bank account which is linked to his/her UPI ID;

4. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries;

5. Retail Individual Investors Bidding using the UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. Retail Individual Investors shall ensure that the name of the app and the UPI handle which is used for making the application appears on the list displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected;

6. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

7. Ensure that the details about the PAN, DP ID, Client ID and UPI ID (where applicable) are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in dematerialized form only;

8. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. Retail Individual Investors using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;

9. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;

10. If the first Bidder is not the ASBA Account holder (or the UPI-linked bank account holder, as the case may be), ensure that the Bid cum Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be). Bidders (except Retail individual Investors Bidding using the UPI Mechanism) should ensure that they have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Bid cum Application Form. Retail Individual Investors Bidding using the UPI Mechanism should ensure that they have mentioned the correct UPI-linked bank account number and their correct UPI ID in the Bid cum Application Form;

11. Retail Individual Investors not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;

12. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

13. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

14. Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil or by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form from the concerned Designated Intermediary;

15. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;

16. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

17. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/ bilateral institutions, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

18. Ensure that the Demographic Details are updated, true and correct in all respects;

19. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

20. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

21. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;

22. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

23. Bidders (except Retail Individual Investors Bidding using the UPI Mechanism) should instruct their respective banks to release the funds blocked in the ASBA Account under the ASBA process. Retail Individual Investors Bidding using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;

24. Note that in case the DP ID, UPI ID (where applicable), Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, UPI ID (where applicable), Client ID and PAN available in the Depository database, then such Bids are liable to be rejected;

25. Ensure that you have correctly signed the authorization /undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB or the Sponsor Bank, as applicable via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

26. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, the Retail Individual Investor shall be deemed to have verified the attachment containing the application details of the Retail Individual Investor Bidding using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to issue a request to block the Bid Amount mentioned in the Bid Cum Application Form in his/her ASBA Account;

27. Retail Individual Investors Bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first Bidder (in case of joint account) in the Bid cum Application Form;

28. Retail Individual Investors Bidding using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in his/her account and subsequent debit of funds in case of allotment in a timely manner;

29. Bidders in SBI Shareholders Reservation Portion should ensure that they have a valid PAN and their PAN is updated with the register of shareholders maintained with SBI;

30. Bids by Eligible NRIs, HUFs and any individuals, corporate bodies and family offices which are recategorised as category II FPI and registered with SEBI for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Category for allocation in the Offer; and

31. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;

4. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;

5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

6. Anchor Investors should not Bid through the ASBA process;

7. Do not submit the Bid cum Application Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centers;

8. Do not Bid on a physical Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

9. Do not Bid at Cut-off Price (for Bids by QIBs, Non-Institutional Bidders and SBI Shareholders Bidding more than ₹ 200,000);

10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer/Issue size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;

11. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

12. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Offer Closing Date;

13. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders) and ₹ 500,000 for Bids by Eligible Employees Bidding in the Employee Reservation Portion;

14. Do not submit the General Index Register (GIR) number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (where applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

16. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of Retail Individual Investors Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;

17. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;

18. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

19. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by Retail Individual Investors using the UPI Mechanism;

20. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

21. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

22. Do not submit more than one Bid cum Application Form per ASBA Account;

23. Do not submit a Bid using UPI ID, if you are not a Retail Individual Investor;

24. Do not submit a Bid cum Application Form with third party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Investors using the UPI Mechanism)

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Grounds for Technical Rejection

In addition to the grounds for rejection of Bids on technical grounds as provided in the General Information Document for Investing in Public Offer–Offer Procedure in Book Built Offer–Rejection & Responsibility for Upload of Bids – Grounds for Technical Rejections Bidders are requested to note that Bids maybe rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSB to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

3. Bids submitted on a plain paper;

4. Bids submitted by Retail Individual Investors using the UPI Mechanism through an SCSB and/or using a Mobile App or UPI handle, not listed on the website of SEBI;

5. Bids under the UPI Mechanism submitted by Retail Individual Investors using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank);

6. Bids submitted without the signature of the First Bidder or Sole Bidder;

7. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

8. ASBA Form by the Retail Individual Bidders by using third party bank accounts or using third party linked bank account UPI IDs;

9. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;

10. GIR number furnished instead of PAN;

11. Bids by Retail Individual Bidders or Eligible Employees bidding in the Employee Reservation Portion (if any) with Bid Amount for a value of more than ₹ 200,000 or ₹ 500,000 (net of Employee Discount, if any), respectively;

12. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

13. Bids accompanied by stock invest, money order, postal order or cash;

14. Bids by OCBs;

15. Bids by HUFs not mentioned correctly as provided in "*-Bids by HUF*" on page 407; and

16. Bids by persons outside India who have not received a preliminary offering memorandum for this Offer, which comprises the Red Herring Prospectus and an "International Wrap" that contains, among other things, the selling restrictions applicable to this offer outside India.

Except in relation to Anchor Investors, Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Offer Period at the Bidding Centers, except that on the Bid/Offer Closing Date (which for QIBs may be a day prior to the Bid/Offer Closing Date for non-QIBs), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) for Bids by QIBs, Non-Institutional Investors and SBI Shareholders bidding in SBI Shareholders Reservation Portion (for Bid Amount of more than ₹ 200,000); and (ii) 5.00 p.m. or such extended time as permitted by the Stock Exchanges (Indian Standard Time) in case of Bids by Retail Individual Investors, Eligible Employees bidding in the Employee Reservation Portion and SBI Shareholders bidding in SBI Shareholders Reservation Portion (for Bid Amount up to ₹ 200,000). On the Bid/Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Investors, Eligible Employees bidding in the Employee Reservation Portion and SBI Shareholders bidding in the SBI Shareholders Reservation Portion (for Bid Amount up to ₹ 200,000), after taking into account the total number of Bids received up to closure of timings for acceptance of Bid-cum-Application Forms as stated herein and as informed to the Stock Exchanges.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer, and the Registrar. For details of the Company Secretary and Compliance Officer and the Registrar, see "***General Information***" on page 65.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the net offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Investors and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account

Our Company and Selling Shareholders in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT). The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

(i) In case of resident Anchor Investors: "[●]"

(ii) In case of non-resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Bankers to the Offer and the Registrar to the Offer to facilitate collections from Anchor Investors.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among the Company, the respective Depositories and Karvy Fintech Private Limited:

- Agreement dated November 11, 2019, among NSDL, the Company and Karvy Fintech Private Limited.

- Agreement dated November 8, 2019, among CDSL, the Company and Karvy Fintech Private Limited.

Undertakings by our Company

Our Company undertakes the following:

(i) That the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

(ii) If Allotment is not made within the prescribed time under applicable law, application monies will be refunded/unblocked in the ASBA Accounts within 15 days from the Bid/Offer Closing Date or such other time as may be specified by SEBI, failing which our Company shall pay interest prescribed under the Companies Act, 2013 and the SEBI ICDR Regulations for the delayed period;

(iii) That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/Offer Closing Date or such other timeline as may be prescribed by SEBI;

(iv) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Company;

(v) Where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/ Offer Closing Date, or such time period as specified by SEBI, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(vi) That, except for any allotment of Equity Shares to employees of our Company pursuant to exercise of stock options granted under the SBIC ESOP Scheme, prior to filing the Red Herring Prospectus with the RoC, no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/ unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.;

(vii) That if our Company and the Selling Shareholders do not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-

Offer advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

(viii) That if our Company and the Selling Shareholders withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh draft offer document with the SEBI, in the event our Company or the Selling Shareholders subsequently decides to proceed with the Offer;

(ix) That the allotment of securities/refund confirmation to Eligible NRIs shall be dispatched within specified time;

(x) That adequate arrangements shall be made to collect all Bid cum Application Forms; and

(xi) That our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Undertakings by the Selling Shareholders

Each Selling Shareholder undertakes the following severally and not jointly in respect of itself as a Selling Shareholder and its respective portion of the Offered Shares offered by it in the Offer for Sale that:

(i) the Equity Shares offered for sale by it in the Offer are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations;
(ii) it is the legal and beneficial owner of and holds clear and marketable title to its respective portion of the Offered Shares, which are free and clear of any pre-emptive rights, liens, charges, pledges, or transfer restrictions, and shall be in dematerialized form, at the time of transfer;
(iii) it is not debarred from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any authority or court;
(iv) it shall deposit its Equity Shares offered for sale in the Offer in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement; and
(v) it shall not have recourse to the proceeds of the Offer until final approvals for listing and trading of the Equity Shares from the Stock Exchanges have been received.

The decisions with respect to (i) the Price Band and revision of the Price Band will be taken by our Company and Selling Shareholders in consultation with the BRLMs, and (ii) the minimum Bid lot, and Offer Price, will be taken by our Company and Selling Shareholders in consultation with the BRLMs.

Only the statements and undertakings in relation to the Selling Shareholders and their portion of the Equity Shares offered in the Offer for Sale which are confirmed or undertaken by the Selling Shareholders in this Draft Red Herring Prospectus, shall be deemed to be “statements and undertakings made or confirmed” by the Selling Shareholders. No other statement in this Draft Red Herring Prospectus will be deemed to be “made or confirmed” by a Selling Shareholder, even if such statement relates to such Selling Shareholder.

Utilisation of Offer Proceeds

Our Board certifies that:

(i) all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-Section (3) of Section 40 of the Companies Act 2013;

(ii) details of all monies utilised out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

(iii) details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested. The Company, each of the Selling Shareholders, severally and not jointly, specifically confirm and declare that all monies received out of the Offer shall be transferred to a separate bank account other than the bank account referred to in sub-Section 3 of Section 40 of the Companies Act 2013.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The responsibility of granting approval for foreign investment under the FDI Policy and FEMA has been entrusted to the concerned ministries / departments.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India ("**DPIIT**") issued the Consolidated Foreign Direct Investment Policy notified by the D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017, with effect from August 28, 2017 (the "**FDI Policy**"), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to August 28, 2017. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that: (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the FDI policy, FDI in companies engaged in other financial sector, is permitted up to 100% of the paid-up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see "***Offer Procedure – Bids by Eligible NRIs***" and "***Offer Procedure – Bids by FPIs***" both on page 407.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

For further details, see "***Offer Procedure***" on page 404.

The Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs".

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.

The Articles of Association of the Company comprise two parts, Part A and Part B. Upon the commencement of listing of the Equity Shares of the Company on any recognised stock exchange in India pursuant to an initial public offering of the Equity Shares of the Company, Part B shall automatically stand deleted, not have any force and be deemed to be removed from the Articles of Association and the provisions of the Part A shall automatically come in effect and be in force, without any further corporate or other action by the Company or its shareholders.

PART A OF THE ARTICLES OF ASSOCIATION

Applicability of Table F

The regulations contained in Table "F" in Schedule I to the Companies Act, 2013, as far as the same are applicable to a public limited company (as defined in the Companies Act, 2013) except for provisions which are applicable only to a One Person Company, shall apply to the Company except in so far as they are contradictory to, or inconsistent with the Companies Act, 2013 or as specifically excluded hereunder or modified or altered by these Articles (hereinafter defined).

4. **Public Limited Company**

The Company is a public limited company within the meaning of Section 2(71) of the Act and accordingly, the minimum paid up capital of the Company shall be such as may be prescribed under the Act.

5. **Share Capital**

The authorised share capital of the Company is as specified in the Clause V of Memorandum of Association. Subject to these Articles, the Company may alter its Memorandum of Association in such manner as prescribed in the Act to:

(a) increase, reduce or otherwise alter its authorised share capital in such manner as it thinks expedient;

(b) subject to the conditions set out in the Act, consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

(c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association;

(e) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

6. Subject to these Articles, the Company may, from time to time, increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

7. The Company may, subject to the provisions of the Act and these Articles, reduce in any manner and with, and subject to, any incident authorised and consent required by law:
   a. its share capital;
   b. any capital redemption reserve account; or
   c. any share premium account.

8. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to

such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of the Act) and at such time as they may from time to time think fit, and with the sanction of the Company in a General Meeting, to give to any person or persons the option or right to call for any Shares, either at par or premium during such time and for such consideration as the Board deems fit, and may issue and allot Shares on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business. Any Shares so allotted may be issued as fully paid-up Shares and if so issued, shall be deemed to be fully paid-up Shares. Provided, the option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in a General Meeting.

9. Except so far as is otherwise provided, by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the existing capital of the Company and shall be subject to all the provisions herein contained in respect of payment of call and instalments, transfer and transmission, forfeiture, lien and otherwise.

10. The Company shall be entitled to dematerialize all or any of its existing Shares, rematerialize all or any of its Shares held in the depositories and / or to offer its fresh Shares or buyback its Shares in a dematerialized form pursuant to the Depositories Act, 1996 and its relevant rules, if any.

11. Shares may be registered in the name of any person, company or other body corporate. Not more than three persons shall be registered as joint holders of any Share.

12. Subject to the provisions of the Act, the Board may issue and allot shares in the capital of the Company as payment for any property sold or transferred or services rendered to the Company in the conduct of its business and any shares which may be so issued shall be deemed to be fully paid shares.

13. All the pre-incorporation expenses shall be defrayed and discharged by the Company on its incorporation.

14A. Where at any time, it is proposed to increase its subscribed capital by the issue/allotment of further Shares either out of the unissued capital or increased Share Capital then, such further Shares may be offered to:

(i) Persons who, at the date of offer, are holders of equity Shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares by sending a letter of offer subject to the following conditions: (a) the offer shall be made by notice specifying the number of Shares offered and limiting a time not being less than 15 (fifteen) days and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined; (b) the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the Shares offered to him or any of them in favour of any other Person and the notice referred to in (i) shall contain a statement of this right, provided that the Board may decline, without assigning any reason therefore, to allot any Shares to any Person in whose favor any Member may renounce the Shares offered to him; and (c) after expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the Shares offered, the Board may dispose of them in such manner which is not disadvantageous to the Members and the Company;

(i) Nothing in sub-Article (i) (b) above shall be deemed to extend the time within which the offer should be accepted; or to authorize any Person to exercise the right of renunciation for a second time on the ground that the Person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(ii) employees under a scheme of employees' stock option, subject to special resolution passed by the Company and subject to such conditions as may be prescribed under the Act and other applicable Laws; or

(iii) any Persons, whether or not those Persons include the Persons referred to in (i) or (ii) above, either for cash or for a consideration other than cash, if the price of such Shares is determined by the valuation report of a registered valuer, subject to compliance with the applicable provisions of Chapter III of the Act and any other conditions as may be prescribed, if a special resolution to this effect is passed by the Company in a General Meeting.

14B. Nothing in Article 14A above shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the Company to convert such debentures or loans into Shares in the Company or to subscribe for Shares in the Company; provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debentures or the raising of loan by a special resolution adopted by the Company in a General Meeting.

15. **Certificate**

i. Unless the shares have been issued in dematerialized form in terms of Applicable Laws, every person whose name is entered as a Member in the register of Members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or sub-division or consolidation or renewal of any of its Shares as the case may be or within a period of six months from the date of allotment in the case of any allotment of debenture or within such other period as the conditions of issue shall be provided,—

(a) one certificate for all his shares without payment of any charges; or

(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

ii. Every certificate shall be under the Seal of the Company which shall be affixed in the presence of and signed by two Directors duly authorised by the Board and the Company Secretary, if any or some other person appointed by the Board for the purpose. Further, out of the two Directors there shall be at least one director other than managing or whole time director, where the composition of the Board so permits.

iii. Every certificate shall specify the shares to which it relates and the amount paid-up thereon.

iv. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

v. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer or in case of sub-division or consolidation of Shares or otherwise, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, a new certificate in lieu thereof shall be issued to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fee if the Board so decides, or on payment of such fee not exceeding Rs. 20 for each certificate or as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is not further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares.

Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulations and requirements of any stock exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf.

vi. The provisions of Article 15 shall *mutatis mutandis* apply to issue of certificates for any other Securities, including debentures, of the Company.

vii. Where a new share certificate has been issued in pursuance of Article 15(v), particulars of every such certificate shall also be entered in a register of duplicate certificates indicating against the name of the person to whom the certificate is issued, the number and date of issue of the certificate in lieu of which the new certificate is issued.

viii. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

16. **Underwriting and Brokerage**

(i) The Company may exercise the powers of paying commissions conferred by sub-section (6) of Section 40 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under section sub-section (6) of Section 40 of the Act.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

(iv) Nothing in this Article shall affect the power of the Company to pay such brokerage as is lawful for the Company to pay.

17. **Conversion of Share into Stock**

Where shares are converted into stock;

(i) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit.

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(ii) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(iii) such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

18. **Issue of Preference Share Capital**

Subject to the applicable provisions of the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the Company before issue of shares may, by special resolution determine.

19. **Variation of Shareholders' Rights**

(i) If at any time the share capital is divided into different classes of shares, the rights attached to any class, (unless otherwise provided by the terms of issue of the shares of that class), may, subject to the provisions of Section 48 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall subject to Article 28(ii) be as prescribed under the Companies Act.

(iii) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari-passu* therewith.

20. **Lien**

(i) The Company shall have a first and paramount lien upon all the Shares/ debentures (other than fully paid up Shares/debentures) registered in the name of each Member (whether solely or jointly with others) to the extent of monies called or payable in respect thereof, and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect. Fully paid up Shares shall be free from all liens. Unless otherwise agreed, the registration of a transfer of Shares/debentures shall operate as a waiver of the Company's lien if any, on such Shares/debentures.

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(ii) The Company's lien, if any, shall extend to all dividends payable and bonuses declared from time to time in respect of such Shares/ debentures.

(iii) The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

(iv) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(v) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(vi) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

(vii) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(viii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

21. **Calls on shares**

(i) The Board may, from time to time, subject to the provisions of Section 49 of the Act, make calls upon the Members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium).

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each Member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

(iv) A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

(v) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

(vi) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine from time to time.

(vii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

(viii) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ix) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

(x) The Board—

(a) may, if it thinks fit, subject to the provisions of the Act, receive from any Member willing to advance the same, whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as determined by the Board and the Member paying such sum in advance agree upon, provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced.

The Member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.
The provisions of these Articles shall *mutatis mutandis* apply to any calls on debentures of the Company.

22. **Transfer of shares**

(i) The transfer of share in dematerialization form shall be governed through Depository Act, 1996 and rules and regulations made thereunder.

(ii) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

(iii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of Members in respect thereof.

(iv) Subject to the provisions of the Act, these Articles, the Securities (Contracts) Regulation Act, 1956, any listing agreement entered into with any recognized stock exchange and any other Applicable Law for the time being in force, the Board may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of Shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a Member of the Company but in such cases, the Directors shall within 1 (one) month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except where the Company has a lien on the Shares or other Securities.

Provided however, that the Board may decline to register or acknowledge any transfer, whether fully paid-up or not, if the transfer results in, or is perceived to or may result in, a contravention or violation of any foreign investment limit or restriction under Applicable Law as applicable to the Company, and further, that the decision of the Board or any persons designated by the Board with respect to whether the transfer results in, or is perceived to or may result in, a contravention or violation of any foreign investment limit or restriction under Applicable Law as applicable to the Company shall be final and binding in all respects.

Transfer of Shares/debentures in whatever lot shall not be refused.

(v) The Board may decline to recognize any instrument of transfer unless—

(a) The instrument of transfer is in writing in the form as prescribed in rules made under sub-section (1) of Section 56 of the Act and statutory modifications thereof for the time being;

(b) The instrument of transfer is accompanied by the certificate or certificates of the Shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) Application for the registration of the transfer of a Share may be made either by the transferor or by the transferee provided that where such application is made by the transferor, no registration shall, in the case of a partly paid Share be affected unless the Company gives notice of the application to the transferee in the manner prescribed under the Act, and subject to the provisions of these Articles, the Company shall, unless objection is made by the transferee, within the time as prescribed, enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.

(vi) On giving not less than seven days previous notice in accordance with Section 91 of the Act and rules made there under, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine. Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

(vii) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other documents.

23. **Transmission of shares**

(i) On the death of a Member, the survivor or survivors where the Member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share, which had been jointly held by him with other persons.

(iii) Any person becoming entitled to a share in consequence of the death or insolvency of a Member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent Member could have made.

(iv) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent Member had transferred the share before his death or insolvency.

(a) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(b) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(c) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.

(v) A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

23A **Transfer and Transmission of Debentures (provision for common transfer form)**

The transfer and transmission of Debentures in dematerialized form shall be governed in accordance with Depository Act, 1996 and rules and regulations made thereunder.
For Debentures held in physical form –
The instrument of transfer (as prescribed under Section 56 of the Act and the rules made thereunder) of any Debenture in the Company shall be executed by or on behalf of both the transferor and transferee.
The transmission of Debentures shall take place in accordance with the applicable provisions of the Act.

23B **Consolidation and re-issuance**

Company may carry out consolidation and re-issuance of its debt securities, in the manner as may be specified by the Board from time to time in accordance with the conditions stated in SEBI (Issue and Listing of Debt Securities) Regulations, 2008

24. **Forfeiture of shares**

(i) If a Member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

(ii) The notice aforesaid shall—

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

(iii) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

a) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

b) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

c) A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

d) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

e) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

f) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

g) The transferee shall thereupon be registered as the holder of the share.

h) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

(iv) The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

25. **Capitalization of profits**

(i) The Company in general meeting may, upon the recommendation of the Board, resolve—

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards.

(a) paying up any amounts for the time being unpaid on any shares held by such Members respectively;

(b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such Members in the proportions aforesaid;

(c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b).

(d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to Members of the company as fully paid bonus shares.

(e) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

(f) Company may capitalise its profits or reserves for the purpose of issuing fully paid bonus shares.

(iii) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

(iv) The Board shall have power—

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable infractions; and

(b) to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares;

(v) Any agreement made under such authority shall be effective and binding on such Members.

26. **Buy-back of shares**

Notwithstanding anything contained in these Articles but subject to the provisions of Sections 68 to 70 of the Act as may be applicable and any other applicable provision of the Act or any other law for the time being in force, these Articles the Company may purchase its own shares or other specified securities.

27. **General meetings**

(i) Meetings:

(a) Meetings of the Shareholders of the Company shall be in accordance with the Act and these Articles and shall be held at the Office of the Company or at the place designated in the notice issued by the Company to the Shareholders.

(b) All general meetings other than annual general meeting shall be called extraordinary general meeting.

(c) The general meetings shall be called by giving not less than clear 21 days' notice either in writing or through electronic mode in such manner as provided under the Act. However, the general meetings may be called at shorter notice, if the consent is given in writing or by electronic made by not less than ninety-five per cent of the Members entitled to vote at the meeting.

i. The Board may, whenever it thinks fit, call an extraordinary general meeting.

ii. Such number of Members of the Company as is specified in Section 100 of the Act, carrying voting rights may give requisition to the Board for calling the extraordinary general meeting and in the event Board fails to call the extraordinary general meeting, then requisitionists themselves can call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

28. **Proceedings at general meetings**

(i) No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided in these Articles, the quorum for the general meetings shall be as provided in Section 103 of the Act.

(iii) The chairperson, if any, of the Board shall preside as chairperson at every general meeting of the Company.

(iv) If there is no such chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the Directors present shall elect one amongst themselves to be chairperson of the meeting.

(v) If at any meeting no Director is willing to act as chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of the Members to be chairperson of the meeting.

29. **Adjournment of meeting**

(i) The adjournment of General Meetings of the Company shall be subject to Article 34(v).

(ii) The chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(iii) Save as provided in these Articles, and as provided in Section 103 of the Act and other applicable rules and Secretarial Standards, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an Adjourned General Meeting.

30. **Voting rights**

(i) The voting rights at a General Meeting of the Company shall be subject to Article 34.

(ii) Subject to any rights or restrictions for the time being attached to any class or classes of shares, voting at a General Meeting shall be in the following manner:

(a) on a show of hands, every Member present in person shall have one vote; and

(b) on a poll, the voting rights of Members shall be in proportion to his share in the paid-up equity share capital of the Company.

(c) If the Company has provided e-voting facility to its Members, it shall also put every Resolution to vote through a ballot process at the Meeting.

(iii) Any Member of a Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as a proxy to attend and vote at the meeting on his behalf in accordance with the provisions of the Act.

(a) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(b) For this purpose, seniority shall be determined by the order in which the names stand in the register of Members.

(iv) A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

(v) Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

(vi) No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

(a) No objection shall be raised to the qualification of any voter except at the General Meeting or Adjourned General Meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(b) Any such objection made in due time shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

31. **Proxy**

(i) The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the Office of the Company not less than 48 hours before the time for holding the General Meeting or Adjourned General Meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

(ii) An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105 of the Act.

(iii) A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given: Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the General Meeting or Adjourned General Meeting at which the proxy is used.

32. **Internal Audit**

(i) Subject to the provisions of Section 138 of the Act and rules made thereunder, the Company shall, if reaches the prescribed limits, appoint an internal auditor, who shall be such professional as may be decided by the Board of Directors to conduct internal audit of functions and activities of the Company.

(ii) The Company shall follow rules, as may be prescribed from time to time, for the manner in which the internal audit shall be conducted.

33. **Board of Directors**

(i) The number of Directors, composition of the Board, appointment of Director and remuneration and expenses of the Directors, shall be subject to this Article 33.

The First directors were:

(a) Mr. M S Verma
(b) Mr. O P Setia

(ii) <u>Number of Directors on the Board</u>

(a) Subject to the provisions of section 149 of the Act and unless and until otherwise agreed and determined by the Company by a Special Resolution, the Board shall consist of maximum 10 (ten) Directors.

(b) Subject to the provisions of these Articles, applicable law and the approval of the shareholders of the Company through a special resolution in the first general meeting of the Company post the date on which the Equity Shares of the Company are listed on the Stock Exchanges, Investor Shareholder shall have the right to nominate 1 (one) Director on the Board of the Company ("Investor Shareholder Directors") so long as shareholding of the Investor Shareholder in the Company is 10% (ten per cent) or more. In case, where the shareholding of the Investor Shareholder falls below 10% (ten per cent), then the Investor Shareholder shall immediately (on or before 10 calendar days) offer to the Board to withdraw the nomination of its director, whose decision shall be binding on the concerned director. For the purpose of this Article, Investor Shareholder means a shareholder, other than the Promoter Shareholder, of the Company who owns shares in the Company prior to IPO.

(c) Subject to the provisions of these Articles, applicable law including State Bank of India Act, 1955 and the approval of the shareholders of the Company through a special resolution in the first general meeting of the Company post the date on which the Equity Shares of the Company are listed on the Stock

Exchanges, SBI shall have the right to nominate the Chairman as well as the Managing Director and CEO (by whatever name called) of the Company.

(d) The Company shall have such number of independent directors as required by the applicable law and the Company shall ensure compliance with the relevant statutory provisions with respect to the appointment of the independent directors.

(iii) Non-retiring Directors

Subject to Article 33(v), SBI Directors shall be non-retiring Directors.

(iv) Qualification Shares

The Directors of the Company shall not be required to hold any qualification shares.

(v) Alternate Director

The Board of the Company may appoint an alternate director ("**Alternate Director**") who is recommended for such appointment by a Director of the Company (an "**Original Director**") to act for him during his absence for a period of not less than 3 (three) months from India. An Alternate Director appointed under this Article 33(vii) shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of office of the Original Director is determined before he so returns to India, any provisions in the Act for the automatic reappointment of any retiring Director, in default of another appointment, shall apply to the Original Director and not to the Alternate Director. The act of an Alternate Director while validly acting for the Original Director in accordance with the terms hereof, will be deemed to be the act of the Original Director. Upon the appointment of the Alternate Director, the Company shall ensure compliance with the provisions of the Act, including filing necessary forms with the Registrar. The Alternate Director, while validly acting for the Original Director in accordance with the terms hereof, shall be entitled to receive notice of a meeting of the Board of the Company or committee thereof, along with all relevant papers in connection therewith and to attend and vote at such meeting in place of the Original Director and generally to perform all functions of the Original Director in his absence. No Alternate Director should be appointed for Independent Director.

(vi) Chairman of the Board of the Company

(a) SBI shall nominate the Chairman of SBI or Managing Director of SBI as the chairman of the Board of the Company ("**Chairman**").

(b) In the absence of the Chairman, from a meeting of the Board of the Company, the Directors of the Company present shall elect one amongst them to preside over that particular meeting.

(vii) Directors' fees and expenses

(a) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid all travelling, hotel and other expenses properly incurred by them—

i. in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

ii. in connection with the business of the company.

(b) The costs of attendance of the Directors at the meetings of the Board and shareholders of the Company (including meetings of the committees) (including travel and accommodation costs) shall be borne by the Company.

(viii) For the purpose of these Articles, the State Bank of India shall, pursuant to the provisions of the State Bank of India Act, 1955, as amended from time to time, be entitled to appoint such individuals as Directors of the company which may include the Managing Director(s) of State Bank of India and the deputy Managing Director(s) of the State Bank of India. These Directors shall be appointed by the State Bank of India on such terms and conditions as it deems fit and it may remove or replace at any time by notice to the Company any Director appointed by it. Such power of appointment, removal or replacement vested with the State Bank of India shall be exercised by it through the chairman for the time being of the State Bank of India. State Bank of India shall also be entitled to appoint Alternate Directors in respect of the aforementioned Directors. The Company shall give effect to such appointments in accordance with the Act.

(ix) A Director of the Company not being an officer of the Government or Reserve Bank of India or the State Bank of India or any subsidiary of the State Bank of India or Investor Shareholder shall be entitled to be paid out of the funds of the Company by way of remuneration for his services, by way of sitting fee, such sum as may be prescribed for each meeting of the Board or Committee of the Board, attended by him, as may be decided by the Board from time to time. Notwithstanding anything stated herein MD & CEO will be entitled to remuneration in accordance with Applicable Law and Article 37(iii).

(x) The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(xi) The Board may pay all expenses incurred in setting up and registering the Company.

(xii) The Company may exercise the powers conferred on it by Section 88 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.

(xiii) All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

(xiv) Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

(xv) Subject to the provisions of Section 149 of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the Directors and additional Directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.

(xvi) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

(xvii) The Board of Directors shall appoint such persons as directors of the Company as nominated by the SBI and Investor Shareholder, respectively, as nominee director(s) in accordance with the provisions of these Articles.

34. **Proceedings of the Board**

(i) The proceedings of the Board and the meetings of the Board, shall be subject to this Article 34.

(ii) <u>Board Resolution and Board Meetings of the Company</u>

(a) All resolutions of the Board of the Company shall be passed by majority

(b) No resolution shall be deemed to have been duly passed by the Board of the Company or a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all Directors of the Company or to all Members of the committee, at their usual address or electronic-mail and has been approved and executed by such number of Directors of the Company as required under the Applicable Law from time to time and has been approved by a majority of the Directors of the Company

(c) Subject to the provisions the Act, the Board shall meet at least 4 (four) times in a year in such a manner that not more than 120 (one hundred and twenty) days shall intervene between 2 (two) consecutive meetings of the Board.

(d) The authority and management of the Company shall rest with the Board of the Company. The Board of the Company shall be responsible to manage and conduct the business, operations and administration of the Company.

(iii) Notice

(a) Subject to Applicable Law, at least 7 (seven) Business Days clear written notice ("**Notice**") shall be given to all Directors of the Company for any meeting of the Board of the Company, whether in India or outside India. In the case of a Director of the Company residing outside India, notice of such meeting shall be sent to him either by registered air mail or by courier or by electronic mail. In case of an Alternate Director, notice shall be sent to the Alternate Director as well as the Original Director. A meeting of the Board of the Company may be called by shorter notice with the unanimous consent of all the Directors of the Company.

(b) Every Notice shall contain an agenda for meeting of the Board of the Company identifying in sufficient detail, each item of business to be transacted at the meeting of the Board of the Company, together with all relevant supporting documents in relation thereto. No matter which has not been detailed in the agenda shall be transacted at any meeting of the Board of the Company, unless a unanimous consent has been obtained of all the Directors of the Company, present in the meeting (subject to the quorum requirements in Article 34(v)

(iv) Participation by Video Conference

(a) The Directors of the Company may, in compliance with the Applicable Law, participate in meetings of the Board of the Company by video conferencing or any other audio-visual mode, provided that each Director of the Company must acknowledge his presence for the purpose of the meeting and any Director of the Company not doing so shall not be entitled to speak or vote at the relevant meeting. A Director of the Company may not leave the meeting by disconnecting his means of communication unless he has previously notified the chairman of the meeting of the Board of the Company and a Director of the Company participating in a meeting of the Board of the Company by video conferencing or any other audio-visual mode shall conclusively be presumed to have been present and formed part of the quorum at all times during the meeting unless he has previously notified the chairman of the meeting of the Board of the Company.

(b) The participation of Directors in a meeting by video conferencing or other audio visual means, as set out above, shall be conducted using video conferencing or other audio visual means which are capable of recording and recognizing the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time. However, certain matters, as prescribed/ may be prescribed in future, under the Act, shall not be dealt with in any meeting held through video conferencing or other audio visual means.

(v) Quorum

a) The quorum for the meeting of the Board shall be in accordance with the Applicable Law and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purpose of quorum.

(b) The continuing Directors may act notwithstanding any vacancy in the Board; but if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum, or of summoning a General Meeting of the Company, but for no other purpose.

(vi) The Board of the Company may meet for the conduct of business, adjourn and otherwise regulate its meetings.

(vii) A Director may, and the manager, MD & CEO or secretary/any other person authorised by the Board in this regard may, on the requisition of a Director shall, at any time, summon a meeting of the Board.

(viii) Save as otherwise expressly provided in the Act and these Articles, questions arising at any meeting of the Board shall be decided by a simple majority of votes.

35. **Related Party Transactions**

Except in compliance with the provisions of Act and rules made thereunder and these Articles, the Company shall not enter into any related party transactions.

36. **Powers of the Board and Constitution of Committees of the Board**

(i) Subject to the provisions of these Articles and the Act, the management of affairs of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise to do, subject to the provisions of the Act or any other statute or the Memorandum of Association or these Articles or otherwise, to be exercised or done by the Company in General Meetings. No regulations made by the Company in General Meeting shall invalidate any prior act of the Board, which would have been valid if that regulation had not been made.

(ii) Subject to the provisions of these Articles, the Act and in particular, to the prohibitions and restrictions contained in Section 179 of the Act and other applicable provisions, if any, thereof the Board may from time to time, entrust to and confer upon any Director for the time being; such of the powers exercisable under these Articles by the Board as it may think fit and may confer such powers for such times, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit; and it may confer such powers either collaterally with, or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf and may, from time to time revoke, withdraw, alter or vary all or any such powers.

(iii) Subject to the provisions of the Act, the Board may from time to time, as it may think fit, delegate to such person or persons as it may choose any of the powers hereby conferred upon the Board other than the powers to make calls on Members in respect of money unpaid on their shares and to issue debentures.

(iv) Subject to Applicable Law, the Board of the Company may constitute committees of the Board of the Company in charge of specific tasks in order to support the Board of the Company consisting of member(s) of the Board of the Company (each, a "**Committee**") and may determine their functions, powers, authorities and responsibilities. Such Committees will meet as frequently as the Board of the Company may decide, subject to Applicable Laws

(v) The Board may, subject to the provisions of the Applicable Law, delegate any of its powers to Committees consisting of such Member or Members of its body as it thinks fit.

(vi) Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

(vii) A Committee may elect a Chairman of its meetings and may also determine the period for which he is to hold office. If no such Chairman is elected, or if at any meeting the Chairman is not present within 5 (five) minutes after the time appointed for holding the meeting, the Members present may choose one of their Members to be Chairman of the meeting.

(viii) A Committee may meet and adjourn as it thinks fit.

(ix) Questions arising at any meeting of a Committee shall be determined by a majority of votes of the Directors present. The chairperson of the Committee, if any, shall not have any second or casting vote.

37. **Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**

(i) Subject to the provisions of the Act and these Articles, a chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as the Board may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board.

(ii) Key Employees

(a) The Managing Director of the Company to be appointed by the Board of the Company shall be a nominee of SBI. The Managing Director of the Company shall also act as the Chief Executive Officer ("**MD & CEO**") of the Company.

(b) Subject to these Articles, necessary approvals including the approval of the shareholders of the Company through a special resolution in the first general meeting of the Company post the date on which the Equity Shares of the Company are listed on the Stock Exchanges and applicable law, the State Bank of India shall have the right to nominate the Chief Financial Officer ("**CFO**") of the Company.

(c) Subject to Article 37(ii)(a) to (b) above, the appointment of the MD & CEO and CFO shall be recommended by the Nomination and Remuneration Committee of the Company to the Board of the Company. The Board of the Company shall thereafter approve the appointment of such MD & CEO and/or the CFO, as the case may be.

(d) The Shareholders agree that the Board of the Company shall have the power to appoint any other senior managerial personnel of the Company as required and determined by the Board of the Company.

(e) The Board of the Company shall delegate to the MD & CEO, CFO and/or other executives, such powers of management of the Company, as the Board of the Company may deem appropriate.

(iii) Deputation of Employees

1. Subject to availability, SBI may make available, on deputation to the Company, personnel either employed by them or otherwise under their control.

2. Remuneration payable to the personnel deputed by SBI shall be as per SBI standard policies and practices.

3. The terms of employment of personnel on deputation shall be decided by the Nomination and Remuneration Committee of the Company.

4. The Company shall not make any offer of direct employment to any personnel deputed to it by a Shareholder without the prior written consent of the deputing Shareholder.

(iv) Employee Shares Options Plan

The Board of the Company may recommend an employee shares or security option scheme or plan from time to time.

38. **Borrowing Powers**

(i) The Board of Directors are authorised in accordance with the Act, to borrow moneys for the purposes of the business of the Company from banks, financial institutions, etc., in the form of loan, debentures, bonds, etc., and to secure the repayment of such debt by mortgaging and /or create charge and/or provide by way of security in any form, the movable and/or immovable properties / assets of the Company, both present and future, or whole or substantially the whole of the undertaking(s) of the Company in such from, manner and time as the Board of Directors may deem fit.

(ii) Any bonds, Debentures, debenture-stock or other Securities may if permissible in Applicable Law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of shares, appointment of Directors or otherwise. Provided that Debentures with rights to allotment of or conversion into Equity Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a special resolution.

39. **The Seal**

(i) The Board shall provide for the safe custody of the Seal.

(ii) The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf. Every deed or other instrument to which Seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney of the Company, be signed by any one director in whose presence it shall have been affixed and shall be countersigned by the secretary of the Company or any other person authorized by the Board in that behalf. However, the certificates of Shares/Debentures/Securities of the Company, if any, shall be sealed and signed in the manner stated under the Act.

40. **Dividends and Reserve**

(i) The Company in a General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

(ii) Subject to the provisions of Section 123 of the Act, the Board may from time to time pay to the Members such interim dividends as appear to it to be justified by the profits of the Company.

(iii) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.

(iv) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

(v) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(vi) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(vii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

(viii) The Board may deduct from any dividend payable to any Member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

(ix) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of Members, or to such person and to such address as the holder or joint holders may in writing direct.

(x) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

(xi) Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

(xii) Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

(xiii) No dividend shall bear interest against the Company.

(xiv) Where the Company has declared a dividend but which has not been paid or claimed within 30 (thirty) days from the date of the declaration, the Company shall within 7 (seven) days from the date of expiry of the 30 (thirty) day period, transfer the total amount of dividend which remains so unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend of SBI Cards and Payment Services Limited". Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established under the Act. No unclaimed or unpaid dividend shall be forfeited by the Board until the claim becomes barred by Law.

41. **Accounts**

(i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of Members not being Directors.

(ii) No Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Board or by the Company in general meeting.

42. **Audit**

(i) At least once in every year the books of account of the Company shall be examined by one or more Auditors.

(ii) The appointment, removal, remuneration, rights, obligations and duties of the Auditor or Auditors shall be regulated by the provisions of the Act.

(iii) The Auditor's report (including the Auditors' separate, special or supplementary report, if any) shall be placed before the Company in general meeting and shall be open to inspection by every Member of the Company.

43. **Amalgamation/Merger/reconstruction/demerger**

(i) Subject to the provisions of the Act, rules made thereunder, the Company is authorised to enter into such arrangements/agreements as may be required for the purpose of amalgamation/merger/reconstruction/demerger of Company in relation to any other company subject to the necessary compliance required under Law

44. **Winding up**

Subject to the provisions of the Act and rules made thereunder and these Articles:

(i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the Members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no Member shall be compelled to accept any shares or other Securities whereon there is any liability.

45. **Investments**

(i) Subject to the applicable provisions of the Act the Company shall not be entitled to subscribe for or purchase (whether by itself, or by any individual or association of individuals in trust for it or for its benefit or on its account) the shares of any other body corporate except to the extent and except in accordance with the restrictions and conditions specified in these Articles.

(ii) The Board of Directors shall be entitled to invest in any shares or any debentures of anybody corporate subject to compliance with the provisions of the Act.

46. **Notices and Documents**

Save as otherwise expressly provided under the Act, a document or proceeding requiring authentication by the Company may be signed by a Director or MD & CEO or Company Secretary or CFO or other authorised officer of the Company and need not be under the Seal of the Company.

47. **Registers**

The Company shall keep and maintain all registers as required to be maintained by it in accordance with the Act. All such registers shall be open to inspection and extracts may be taken therefrom and copies thereof may be requested by any Member of the Company in accordance with the provisions of the Act.

48. **Indemnity**

(i) Every Director and officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the tribunal.

(ii) Subject to the provisions of the Act, no Director, other officer of the Company shall be liable for the act, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or company to or with whom any moneys, Securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgement, omission, default or oversight of his part or for any other loss, damage, or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

49. **Licensing Agreement**

The Company has, on September 7, 2009 entered into a Licensing Agreement with SBI which was amended by agreements dated July 21, 2017 and November 19, 2019 whereby SBI has provided to the Company a licence to incorporate the name SBI in the Company's name. The said Agreement inter alia requires that on termination thereof and receipt of notice from SBI, the Company shall discontinue the use of the name "SBI" in any form or manner as part of its corporate name, trading style and/or trade name and shall change its corporate name, trading style and/or trade name so as to delete the word "SBI" and take all attempts in that regard. The Company shall also, thereupon, not adopt any new name with the word "SBI". The said Agreement shall be deemed to be agreed to by all the members and all members shall be deemed to be expressly undertaking to exercise their rights as shareholders and particularly their voting rights in such manner so as to enable to the Company to comply with and implement the terms and conditions of the said Agreement and in particular for implementing the change of the corporate name by discontinuing the use of the name "SBI" on termination of the said Agreement.

APPENDIX A

DESCRIPTION OF THE BUSINESS

The main activities of the Company shall be the issuance, sales and marketing of the Payment Products and shall include but not be limited to:

1. Marketing, sales, design and issuance of Payment Products and being the sole issuer of SBI branded credit cards in the Republic of India,
2. Formulation of credit provision strategy including but not limited to the model associated for the Payment Products/Establishments and identification of Establishments and entering into agreement with them,
3. To develop marketing plans, market positioning, database creation and brand equity for Payment Products,
4. Co-ordination with branches of SBI and other outlets for marketing and distribution channels for Payment Products,
5. Determination of association relationship with Visa and MasterCard and/or any other card or other association for the furtherance of the business of Payment Products and to hold membership and licenses pertaining thereto of the associations determined,
6. Media planning, advertising, public relations and market research for all aspects of Payment Products,
7. Develop, design and where required conduct market research for obtaining customer feedback, customer need identification and survey of fulfilment capability,
8. Art work design and production for customer communication and marketing material,
9. Strategy and policy for approval criteria for various Payment Products,
10. Treasury activities including funding and booking of receivables and payables in the books of the Company,
11. Strategy and policy for transaction services including tie-up with third party and sharing arrangements,
12. Sourcing marketing offers for various customer segments and entering into agreements for fees and enhancements for Payment Products,
13. Identification of potential customers in various segments, solicitation and sign up, resale calls, acquiring and supporting customer retention, and
14. Determination of overall risk and credit management strategy and policy for credit limit allocation, enhancement including temporary enhancement for Payment Products and Establishments.

PART B

The regulations contained in Table "F" in Schedule I to the Companies Act, 2013, as far as the same are applicable to a public limited company (as defined in the Companies Act, 2013) except for provisions which are applicable only to a One Person Company, shall apply to the Company except in so far as they are contradictory to, or inconsistent with, the operative provisions of the Companies Act, 1956 and the Companies Act, 2013 or the Shareholders' Agreement (*hereinafter defined*) or as specifically excluded hereunder or modified or altered by these Articles (*hereinafter defined*). Notwithstanding anything contained herein, in case of any conflict or inconsistency between any SHA Articles (*hereinafter defined*) and Non-SHA Articles (*hereinafter defined*), the SHA Articles shall prevail over the Non-SHA Articles.

Notwithstanding anything contained in these Articles, such provisions and regulations as may be prescribed by the legislature of the Republic of India, as compulsory, by later enactments relating to companies, shall have priority of observance under such circumstances.

Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act (*hereinafter defined*) or any statutory modification thereof in force at the date at which these regulations become binding on the Company.

5. **Public Limited Company**

The Company is a public limited company within the meaning of Section 2(71) of the Act and accordingly, the minimum paid up capital of the Company shall be such as may be prescribed under the Act.

6. **Share Capital**

The authorised share capital of the Company is as specified in the Clause V of Memorandum of Association. Subject to these Articles, the Company may alter its Memorandum of Association in such manner as prescribed in the Act to:

(a) increase, reduce or otherwise alter its authorised share capital in such manner as it thinks expedient;

(b) subject to the conditions set out in the Act, consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

(c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association;

(e) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

7. Subject to these Articles, the Company may, from time to time, increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

8. The Company may, subject to the provisions of the Act and these Articles, reduce in any manner and with, and subject to, any incident authorised and consent required by law:
   a. its share capital;
   b. any capital redemption reserve account; or
   c. any share premium account.

9. Subject to the provisions of the Act, these Articles and the Shareholders' Agreement, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit, including issue of shares on a preferential basis.

10. Except so far as is otherwise provided, by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the existing capital of the Company and shall be subject to all the provisions herein contained in respect of payment of call and instalments, transfer and transmission, forfeiture, lien and otherwise.

11. The Company shall be entitled to dematerialize all or any of its existing Shares, rematerialize all or any of its Shares held in the depositories and / or to offer its fresh Shares or buyback its Shares in a dematerialized form pursuant to the Depositories Act, 1996 and its relevant rules, if any.

12. Shares may be registered in the name of any person, company or other body corporate. Not more than three persons shall be registered as joint holders of any Share.

13. Subject to the provisions of the Act and the Shareholders' Agreement, the Board may issue and allot shares in the capital of the Company as payment for any property sold or transferred or services rendered to the Company in the conduct of its business and any shares which may be so issued shall be deemed to be fully paid shares.

14. All the pre-incorporation expenses shall be defrayed and discharged by the Company on its incorporation.

15. **Certificate**

i. Unless the shares have been issued in dematerialized form in terms of Applicable Laws, every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within a period of six months from the date of allotment in the case of any allotment of debenture or within such other period as the conditions of issue shall be provided,—

(a) one certificate for all his shares without payment of any charges; or

(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

ii. Every certificate shall be under the Seal of the Company which shall be affixed in the presence of and signed by two Directors duly authorised by the Board and the Company Secretary, if any or some other person appointed by the Board for the purpose. Further, out of the two Directors there shall be at least one director other than managing or whole time director, where the composition of the Board so permits.

iii. Every certificate shall specify the shares to which it relates and the amount paid-up thereon.

iv. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

v. Subject to the provisions of Section 46 of the Act and rules made thereunder, if any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer or otherwise, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be issued. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

vi. The provisions of Article 15 shall *mutatis mutandis* apply to debentures of the Company.

vii. Where a new share certificate has been issued in pursuance of Article 15(v), particulars of every such certificate shall also be entered in a register of duplicate certificates indicating against the name of the person to whom the certificate is issued, the number and date of issue of the certificate in lieu of which the new certificate is issued.

viii. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

16. **Underwriting and Brokerage**

(i) The Company may exercise the powers of paying commissions conferred by sub-section (6) of Section 40 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under section sub-section (6) of Section 40 of the Act.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

(iv) Nothing in this Article shall affect the power of the Company to pay such brokerage as is lawful for the Company to pay.

17. **Conversion of Share into Stock**

Where shares are converted into stock;

(i) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit.

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(ii) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(iii) such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

18. **Issue of Preference Share Capital**

Subject to the Shareholders' Agreement and applicable provisions of the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the Company before issue of shares may, by special resolution determine.

19. **Variation of Shareholders' Rights**

(i) If at any time the share capital is divided into different classes of shares, the rights attached to any class, (unless otherwise provided by the terms of issue of the shares of that class), may, subject to the provisions of Section 48 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

To every such separate meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall subject to Article 27(ii).,

(ii) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari-passu* therewith.

20. **Lien**

(i) The Company shall have a first and paramount lien—

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company:

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(ii) The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

(iii) The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

(iv) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(v) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(vi) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

(vii) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(viii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

21. **Calls on shares**

(i) The Board may, from time to time, subject to the provisions of Section 49 of the Act, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium).

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

(iv) A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

(v) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

(vi) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine from time to time.

(vii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

(viii) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ix) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

(x) The Board—

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

22. **Transfer of shares**

(i) The transfer of share in dematerialization form shall be governed through Depository Act, 1996 and rules and regulations made thereunder.

(ii) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

(iii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

(iv) The Board may, subject to the right of appeal conferred by Section 58 of the Act decline to register—

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the company has a lien.

(v) The Board may decline to recognize any instrument of transfer unless—

(a) The instrument of transfer is in the form as prescribed in rules made under sub-section (1) of Section 56 of the Act;

(b) The instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) The instrument of transfer is in respect of only one class of shares.

(vi) On giving not less than seven days previous notice in accordance with Section 91 of the Act and rules made there under, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine. Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

(vii) Restrictions on Transfer

(a) CARH Lock-in

Subject to any internal restructuring within the Company (including but not limited to buy-back) or between the Companies, Article 22(ix) (*CARH Permitted Transfers*), Clause 10 (*Merger of the Companies*) of the Shareholders' Agreement or Article 53 (*Initial Public Offering*), CARH shall not for a period of 7 (seven) years from the Effective Date, directly or indirectly Transfer any Shares held by it or CARH Permitted Transferees in the Company, without the prior written approval of SBI.

(b) General Restrictions on Transfer of Shares

(i) Subject to Article 22(vii)(d)(ii)(B), during the subsistence of the Shareholders' Agreement, SBI shall ensure that the shareholding of SBI (along with its Affiliates) in the Company shall not fall below 50.1% (fifty point one percent) on a fully diluted basis at any given time.

(ii) No Shareholder shall Transfer or attempt to Transfer any Shares, except as expressly permitted under Article 22 or otherwise agreed mutually in writing by SBI and CARH.

(iii) The Transfer restrictions in the Company's Articles, shall not be capable of being avoided by the holding of Shares of the Company indirectly through a company or other entity that can itself be sold in order to dispose of an interest in Shares of the Company free of such restrictions. Any transfer, issuance or other disposal of any securities (or other interest) resulting in any change in the Control, of SBI or SBI Permitted Transferee or any transfer, issuance or other disposal of any securities (or other interest) in the chain of ownership between Carlyle Asia Partners IV, L.P. and CARH which cede Control over CARH or a CARH Permitted Transferee to a third party shall be treated as being a Transfer of the Shares held by the relevant Shareholder, and the provisions of these Articles in respect of the Transfer of Shares shall accordingly apply.

(iv) Any purported Transfer which is not in accordance with these Articles shall be null and void *ab initio*, and the Company shall not register such Transfer and shall reject any such Transfer made or attempted *suo moto* without necessity of decision of the Board of the Company or order of any Government Authority. Any Transfer or attempted or purported Transfer of Shares of the Company by any Shareholder in contravention of the provisions of these Articles shall constitute a material breach of these Articles.

(c) No Transfer to a Competitor

CARH shall not directly or indirectly, Transfer any Shares held by it or the CARH Permitted Transferees in the Company at any time to a Competitor, without the prior written approval of SBI.

(d) Transfer by SBI

(i) SBI Permitted Transferees

(A) SBI shall at all times have the right (subject to prior intimation to CARH) to Transfer all or part of its Shares in the Company to any of its Affiliate ("**SBI Permitted Transferee**") *provided* that the SBI Permitted Transferee executes a deed of adherence in the form attached at **Schedule 3** to the Shareholders' Agreement. SBI shall ensure that such Transfer to an SBI Permitted Transferee does not cause any change to the current branding of the business of the Company.

(B) If any SBI Permitted Transferee ceases to be an Affiliate of SBI, then SBI shall ensure that such SBI Permitted Transferee shall promptly notify the Board of the Company of such event and in any event no later than 15 (fifteen) Business Days of the occurrence of such an event and procure that the Shares concerned are forthwith at the cost and expense of SBI sold to SBI or to another Affiliate of SBI and subject to such Affiliate of SBI executing a duly stamped deed of adherence in the form attached at **Schedule 3** to the Shareholders' Agreement. SBI shall ensure that such Transfer does not cause any change to the current branding of the business of the Company.

(C) It is agreed by SBI, CARH and the Company that until such further sale has occurred and is completed as stipulated in Article 22(vii)(d)(i)(B) above, all of the voting and/ or economic rights with respect to the Shares so sold and all rights of such SBI Permitted Transferee and SBI under these Articles shall be suspended.

(D) The costs and expenses relating to any sale of Shares to a SBI Permitted Transferee in terms of the Shareholders' Agreement shall be borne by SBI.

(E) The rights available to SBI and the SBI Permitted Transferees under these Articles shall at all times be exercised by SBI and the SBI Permitted Transferees jointly and not severally. SBI shall, at all times during the subsistence of the Shareholders' Agreement, act as the representative of SBI and the SBI Permitted Transferees for the purpose of interacting and dealing with the Company and/or with CARH as per these Articles and shall exercise and fulfil, for itself and on behalf of all the SBI Permitted Transferees, all rights, powers and obligations conferred on SBI and the SBI Permitted Transferees under any term of these Articles. For the avoidance of doubt, it is clarified that any reference in these Articles to the exercise of rights or the fulfilment of obligations by SBI shall mean and refer to exercise of such rights and fulfilment of such obligations by SBI for itself and on behalf of the SBI Permitted Transferees.

(ii) SBI Third Party Transfer

(A) Subject to Article 22(vii)(b)(i) above, SBI shall at all times have the right (subject to prior intimation to CARH) to Transfer its Shares in the Company to any Person ("**SBI Third Party Transferee**"), *provided* that, subject to Article 52 (*Fall Away of Rights of CARH)* , any Transfer of Shares held by SBI to any SBI Third Party Transferee under this Article 22(vii)(d)(ii)(A) shall not grant any rights (including shareholder or governance rights) to such SBI Third Party Transferee which are more favourable than the rights (including shareholder or governance rights) of CARH under these Articles for the corresponding level of ownership in the Company and the rights, if any conferred on such SBI Third Party Transferee by SBI, shall not allow such a SBI Third Party Transferee to interfere with any decisions that both SBI and CARH concur with, or adversely affect the shareholder arrangements between SBI and CARH as set out in these Articles and the Shareholders' Agreement.

(B) Notwithstanding what is stated in these Articles, in the event pursuant to Applicable Law (including but not limited to any order/ directions passed by a Government Authority) ("**Government Directive**") SBI is required to Transfer all its Shares in the Company to a third Person ("**Purchaser**"), then (xx) SBI shall promptly and in any event no later than 4 (four) Business Days from the date of such Government Directive, intimate CARH in writing of such Government Directive (along with a copy of such Government Directive) (such notice being the "**Intimation Notice**"); and (yy) thereafter CARH and SBI shall co-operate and undertake all necessary steps including amend and vary the Shareholders' Agreement to ensure the compliance by SBI of such Applicable Law (including but not limited to any order/ directions passed by a Government Authority) to the fullest extent and the provisions of Article 22(vii)(b)(i) shall not be applicable.

(C) SBI shall in event of a Transfer pursuant to Article 22(vii)(d)(ii)(B), above send a written notice ("**Exit Notice**") to CARH informing CARH of the decision of SBI to Transfer ("**Proposed Transfer**") all its Shares. The Exit Notice shall provide: (i) the identity of the Purchaser; (ii) terms and conditions including price (including direct or indirect, tangible or intangible consideration) agreed for the Proposed Transfer ("**Transfer Terms**"); and (iii) the proposed time period for the completion of the Proposed Transfer, which shall not be less than 45 days from the Exit Notice ("**Transfer Period**"). Simultaneously with the Exit Notice, CARH shall be provided reasonable information in relation to the Purchaser for making an assessment in respect of the Purchaser.

(D) SBI shall, additionally along with the Exit Notice, have the right but not the obligation, in its sole discretion, to send a drag along notice ("**Drag Along Notice**") to CARH (with a copy to the Company) requiring the CARH Block to Transfer all of their Shares in the Company ("**CARH Drag Shares**") to such Purchaser at the Transfer Terms. Such Drag Along Notice shall be binding on CARH Block. Further, CARH Block would not be required to provide any representations and warranties to the Purchaser other than in respect of title to the CARH Drag Shares. The Transfer Period mentioned in the Exit Notice shall stand extended for any regulatory approvals required under Applicable Law for Transfer of Shares by SBI and /or CARH Block, unless specified otherwise in the Government Directive. The Proposed Transfer and the Transfer of CARH Drag Shares to the Purchaser shall take place simultaneously and SBI shall not complete the Proposed Transfer unless the Purchaser also purchases the CARH Drag Shares. In the event the Government Directive requires SBI to complete the Proposed Transfer in a time period less than the Transfer Period then the SBI, CARH and the Company shall, notwithstanding the time periods stated in this Article 22(vii)(d)(ii)(D), ensure that the Proposed Transfer and the Transfer of CARH Drag Shares to the Purchaser shall take place simultaneously within the time period prescribed by the Government Directive.

(E) In the event CARH does not receive the Drag Along Notice from SBI along with the Exit Notice, then CARH shall have the right, but not the obligation, exercisable by it at its sole discretion, by issuing a notice in writing to SBI ("**Tag-Along Notice**") within 45 (forty five) days from the date of receipt of the Exit Notice ("**Tag Period**"), to require that SBI includes in the Proposed Transfer to the Purchaser all of the Shares held by CARH Block ("**Tag Shares**") in the Company on the Transfer Terms ("**Tag-Along Right**"). The Tag-Along Notice shall specify: (i) particulars of the Tag Shares; and (ii) particulars of the CARH Block. Further, CARH Block would not be required to provide any representations and warranties to the Purchaser other than in respect of title to the Tag Shares. The Proposed Transfer and the Transfer of Tag Shares to the Purchaser shall take place simultaneously within 45 days from the Tag-Along Notice ("**Tag Transfer Period**") and SBI shall not complete the Proposed Transfer unless the Purchaser also purchases the Tag Shares. In the event the Government Directive requires SBI to complete the Proposed Transfer in a time period less than the Tag Transfer Period then SBI. CARH and the Company shall notwithstanding the time periods stated in this Article 22(vii)(d)(ii)(E) ensure that the Proposed Transfer and the Transfer of Tag Shares to the Purchaser shall take place simultaneously within the time period prescribed in the Government Directive.

(F) If CARH does not deliver a Tag-Along Notice within the Tag Period or indicates within the Tag Period their refusal to Tag-Along with SBI, SBI may sell all its Shares in the Company to the Purchaser on the Transfer Terms.

(viii) Pre-Emption Rights

Without prejudice to Articles 34(v) and 22(vii)(b)(i) above, in the event, the Company issues additional Shares ("**Offered Shares**"), all Shareholders shall have a preferential right to subscribe for the Offered Shares in their Equity Proportions. If any of CARH and any of its Permitted Transferees or SBI and its Affiliates (in each case a "**Non-Participating Shareholder**") is unable to, or does not, for any reason whatsoever, subscribe to its entitlement of the Offered Shares, then the other Shareholder ("**Participating Shareholder**") shall be entitled to subscribe to all or part of the unsubscribed Offered Shares. Such unsubscribed Offered Shares issued to the Participating Shareholder shall also have the same rights (including as to distributions) as the Shares of the Company then held by the Participating Shareholder(s), if any. In such case, the shareholding percentage of the Non-Participating Shareholder(s) in the Company shall stand diluted to the extent mentioned above.

(ix) CARH Permitted Transfers

5. Notwithstanding Article 22(vii)(a) and subject always to the prior written consent of SBI (not to be unreasonably withheld), CARH shall have the right to sell any of the Shares held by it in the Company to any CAP Controlled Entity *provided* that it is demonstrated to the reasonable satisfaction of SBI that (such entity being a "**CARH Permitted Transferee**"):

   (i) such CARH Permitted Transferee possesses equivalent technical or financial resources as CARH; and

   (ii) the CARH Permitted Transferee executes a deed of adherence in the form attached at **Schedule 3** to the Shareholders' Agreement.

6. CARH hereby undertakes that if any CARH Permitted Transferee ceases to be an CAP Controlled Entity, CARH shall and shall ensure that such CARH Permitted Transferee shall promptly notify the Board of the Company of such event and in any event no later than 15 (fifteen) Business Days of the occurrence of such an event and procure that the Shares concerned are forthwith at the cost and expense of CARH sold to CARH or to another CAP Controlled Entity subject to such CAP Controlled Entity meeting the criteria stipulated at Article 22(ix)(a)(i) above and such CAP Controlled Entity executing a duly stamped deed of adherence in the form attached at **Schedule 3** to the Shareholders' Agreement.

7. Until such further sale has occurred and is completed as stipulated in Article 22(ix)(b) above, all of the voting and/ or economic rights with respect to the Shares so sold and all rights of such CARH Permitted Transferee and CARH under these Articles shall be suspended.

8. The costs and expenses relating to any sale of Shares to a CARH Permitted Transferee in terms of the Shareholders' Agreement shall be borne by CARH.

(x) Right of First Offer

(a) Subject to Article 22(vii)(a), in the event CARH desires to sell directly or indirectly, all or part (subject to Article 22(x)(b) below in case of a part sale of Shares of the Company held by CARH) of its Shares ("**ROFO Shares**") in the Company to a third party, CARH together with CARH Permitted Transferees shall sell all and not less than all of the ROFO Shares to a third party subject to the right of first offer of SBI ("**Right of First Offer**") with respect to such Transfer as provided in this Article 22(x).

(b) The right of CARH to sell the Shares held by it in the Company in part shall be limited to only 2 (two) CARH Third Parties subject to the provisions of this Article 22(x).

(c) In the event CARH proposes to sell the ROFO Shares, CARH shall, send a written notice ("**Offer Notice**") to SBI, which notice shall state the number of ROFO Shares proposed to be Transferred.

(d) For a period of 45 (forty five) days after delivery of the Offer Notice ("**Offer Period**"), SBI shall have the right to exercise its Right of First Offer by delivering written notice of exercise ("**Acceptance Notice**") within the Offer Period to CARH, to purchase all, but not less than all, of the ROFO Shares at the Fair Market Value as determined in accordance with Article 22(xii) below ("**Offer Price**").

(e) An Acceptance Notice shall be irrevocable and shall constitute a binding agreement by SBI to purchase the ROFO Shares. SBI shall have the option to purchase the ROFO Shares through its Affiliates and/ or designated Persons.

(f) Upon receipt of the Acceptance Notice by CARH, CARH shall have a binding obligation to sell the ROFO Shares to SBI at the Offer Price. The receipt of the Offer Price by CARH for the sale to SBI of the ROFO Shares pursuant to this Article 22(x) shall be deemed a representation and warranty by CARH to SBI that: (i) CARH has full right, title and interest in and to the ROFO Shares; (ii) CARH has all necessary power and authority and has taken all necessary actions to sell such ROFO Shares to SBI as contemplated by this Article 22(x); and (iii) the ROFO Shares are free and clear of any and all Encumbrances except pursuant to the Shareholders' Agreement.

(g) If SBI fails to deliver the Acceptance Notice within the Offer Period or intimates CARH that it does not wish to purchase ROFO Shares then CARH shall be permitted to sell all (but not less than all) of the ROFO Shares to any Person ("**CARH Third Party**") on such terms and conditions as may be agreed between CARH and the CARH Third Party ("**Third Party Sale**"), *provided* that:

(i) the selection of such CARH Third Party shall be subject to the following procedure:

(A) If SBI fails to deliver the Acceptance Notice within the Offer Period or intimates to CARH that it does not wish to purchase the ROFO Shares, then CARH shall, provide to SBI a list of not more than 8 (eight) proposed CARH Third Parties, ("**Short List**") within a period of 6 (six) months from the date of expiry of the Offer Period or the date on which SBI intimates to CARH its intention to not purchase the ROFO Shares, whichever is earlier, along with the information and parameters in respect of CARH Third Parties that was used by CARH to evaluate the CARH Third Parties and prepare the Short List. It being clarified that for the determination of the Short List, CARH shall have the right to at its own cost invite, consider and assess as many CARH Third Parties as it deems fit.

(B) No later than 30 (thirty) days from the date of receipt of the Short List of the proposed CARH Third Parties by SBI pursuant to sub-clause (A) above ("**First Objection Period**"), SBI shall provide its reasonable objections, if any, in respect of the aforesaid 8 (eight) CARH Third Parties in the Short List provided by CARH.

(C) SBI shall ensure that the Company shall provide due diligence support to the CARH Third Parties that have been short-listed and not unreasonably objected to by SBI under sub-clause (B) above. If SBI were to reject any of the 8 (eight) short-listed CARH Third Parties, then CARH shall have the right to replace and, at all times, maintain 8 (eight) CARH Third Parties in the Short List *provided* that SBI shall have no later than 15 (fifteen) days from the date of substituting a new CARH Third Party in the Short List by CARH ("**Additional Objection Period**"), to provide its reasonable objections to the substituted CARH Third Party, if any.

(D) CARH shall have the right to Transfer all of the ROFO Shares to such of the aforesaid CARH Third Parties who are not objected to by SBI pursuant to sub-clauses (B), (C) and (E) of this Article 22(x)(g)(i). *Provided* that, CARH hereby undertakes that in the event CARH becomes aware of any material adverse event/ information about any of the said CARH Third Parties, before the execution of the definitive documents, then CARH shall promptly (and in any event no later than 1 (one) day from the date of becoming aware of such event/ information) inform SBI in writing of the same.

(E) Notwithstanding anything stated in these Articles, in the event before execution of definitive documents with the said CARH Third Party, any material adverse information in the opinion of SBI in relation to a CARH Third Party becomes available either through CARH as stated in Article 22(x)(g)(i)(D) above or otherwise, then SBI shall be entitled to disapprove/ object to the sale to such CARH Third Party.

(ii) such Third Party Sale is bona fide;

(iii) such definitive binding documents for the Third Party Sale are executed within 180 (one hundred eighty) days from the expiry of the later of the First Objection Period and the last of any Additional Objection Periods.

(iv) if pursuant to the Third Party Sale, all the Shares held by CARH/ CARH Block are transferred to such CARH Third Party, then the CARH Third Party being the new Shareholder shall: (A) acquire all of the rights and obligations of CARH under these Articles and replace CARH as a Shareholder without any change or variation to the governance and shareholder arrangements in the Shareholders' Agreement, and the Charter Documents; and (B) execute a duly stamped deed of adherence in the form attached at **Schedule 3** to the Shareholders' Agreement.

(h) If such the Third Party Sale does not get completed within 90 (ninety) days of the definitive binding documents being executed in respect of the Third Party Sale, for any reason other than a delay caused due to pending applications for regulatory approvals for the Third Party Sale, the restrictions provided for herein shall again become effective, and no sale of Shares held by CARH or CARH Permitted Transferees in the Company shall be made by CARH thereafter without again making an offer to SBI in accordance with this Article 22(x) and again complying with the provisions of this Article 22(x).

(i) It is hereby agreed that in case of a Third Party Sale, the Company and SBI shall ensure that the Company shall cooperate and provide all necessary support (including providing information for inclusion in any information memorandum or other marketing material and permitting due diligence by the CARH Third Party of the Company during normal business hours and with prior notice). Any out of pocket or third party costs and expenses relating to a Third Party Sale shall be borne by CARH.

(xi) <u>CARH Block</u>

The rights available to CARH, the CARH Permitted Transferees and the CARH Third Party under these Articles shall at all times be exercised by CARH, the CARH Permitted Transferees and CARH Third Party jointly and not severally. The obligations of CARH under these Articles shall also be binding on the CARH Permitted Transferees and the CARH Third Parties. CARH shall, at all times during the subsistence of the Shareholders' Agreement, act for itself and as the representative of the CARH Permitted Transferees and CARH Third Party for the purpose of interacting and dealing with the Company and/or with SBI under these Articles and shall exercise and fulfil, for itself and on behalf of the CARH Permitted Transferees and CARH Third Party, all rights, powers and obligations conferred on CARH, the CARH Permitted Transferees and CARH Third Party under any term of these Articles. For the avoidance of doubt, it is clarified that any reference in these Articles to the exercise of rights or the fulfilment of obligations by CARH shall mean and refer to exercise of such rights and fulfilment of such obligations by CARH for itself and on behalf of the CARH Permitted Transferees and the CARH Third Party.

(xii) Determination of Fair Market Value

For the purposes of these Articles, the "**Fair Market Value**" of the Shares of the Company shall be determined in the following manner:

1. SBI and CARH shall jointly appoint, with respect to the Company, 2 (two) independent international merchant bankers of repute operating in India ("**Valuers**") within a period of 45 (forty five) days from the date of either Shareholder notifying the other Shareholder for the determination of the Fair Market Value ("**Appointment Period**").

2. The Valuers shall within 30 (thirty) days of their appointment, certify in writing and deliver their independent valuation of the Company.

3. The average of the two independent valuations, done by the Valuers shall be the Fair Market Value. The Fair Market Value so determined shall be binding on the SBI, CARH and the Company.

4. In the event SBI and CARH are unable to agree upon Valuers within the Appointment Period then the following shall apply:

(i) SBI and CARH shall each appoint an independent international merchant banker of repute operating in India ("**Appraisers**") within 15 (fifteen) days of the expiry of the Appointment Period to carry out a valuation of the Company;

(ii) The Appraisers shall within 30 (thirty) days of their appointment, certify in writing and deliver their independent valuation of the Company; and

(iii) The Fair Market Value shall be the average of the valuations determined by the 2 (two) Appraisers. The Fair Market Value so determined shall be binding on the SBI, CARH and the Company.

5. In the event the difference between the two independent valuations delivered by the Valuers or Appraisers (as the case may be) is more than 10.0% (ten point zero percent) then the Valuers or Appraisers (as the case may be) shall mutually appoint an independent international merchant banker of repute operating in India ("**Umpire**") within a period of 15 (fifteen) days from the date of the later valuation report of the relevant Valuer or Appraiser (as the case may be) to conduct, certify and deliver its independent valuation ("**Umpire Value**") within 30 (thirty) days of the appointment of the Umpire. The Fair Market Value shall be the average of the Umpire Value and the value determined by the Valuer or Appraiser (as the case may be) which is closest to the Umpire Value. The Fair Market Value so determined shall be binding on SBI, CARH and the Company.

6. The process of determination of the Fair Market Value shall be subject to the Applicable Law (including applicable pricing norms prevailing in India in this regard from time to time).

23. **Transmission of shares**

(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share, which had been jointly held by him with other persons.

(iii) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(iv) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

(a) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(b) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(c) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

(v) A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

23A Transfer and Transmission of Debentures (provision for common transfer form)

The transfer and transmission of Debentures in dematerialized form shall be governed in accordance with Depository Act, 1996 and rules and regulations made thereunder.
For Debentures held in physical form –
The instrument of transfer (as prescribed under Section 56 of the Act and the rules made thereunder) of any Debenture in the Company shall be executed by or on behalf of both the transferor and transferee.
The transmission of Debentures shall take place in accordance with the applicable provisions of the Act.

23B Consolidation and re-issuance

Company may carry out consolidation and re-issuance of its debt securities, in the manner as may be specified by the Board from time to time in accordance with the conditions stated in SEBI (Issue and Listing of Debt Securities) Regulations, 2008

24. **Forfeiture of shares**

(i) If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

(ii) The notice aforesaid shall—

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

(iii) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

j) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

k) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

l) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

m) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

n) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

o) The transferee shall thereupon be registered as the holder of the share.

p) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

(iv) The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

25. **Capitalization of profits**

(i) The Company in general meeting may, upon the recommendation of the Board, resolve—

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards.

(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b).

(d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.

(e) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

(f) Company may capitalise its profits or reserves for the purpose of issuing fully paid bonus shares.

(iii) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(c) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(d) generally do all acts and things required to give effect thereto.

(iv) The Board shall have power—

(c) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable infractions; and

(d) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares;

(v) Any agreement made under such authority shall be effective and binding on such members.

26. **Buy-back of shares**

Notwithstanding anything contained in these Articles but subject to the provisions of Sections 68 to 70 of the Act as may be applicable and any other applicable provision of the Act or any other law for the time being in force, these Articles and the Shareholders' Agreement the Company may purchase its own shares or other specified securities.

27. **General meetings**

(i) Meetings:

(a) Meetings of the Shareholders of the Company shall be in accordance with the Act and these Articles and shall be held at the Office of the Company or at the place designated in the notice issued by the Company to the Shareholders. The Shareholders agree and acknowledge, to the extent permissible by Applicable Law, the annual Shareholders' meeting of the Company shall be held in the first quarter of every Financial Year but not later than such period as permitted under the Act.

(b) All general meetings other than annual general meeting shall be called extraordinary general meeting.

(c) The general meetings shall be called by giving not less than clear 21 days' notice either in writing or through electronic mode in such manner as provided under the Act. However, the general meetings may be called at shorter notice, if the consent is given in writing or by electronic made by not less than ninety-five per cent of the members entitled to vote at the meeting.

i. The Board may, whenever it thinks fit, call an extraordinary general meeting.

ii. The members of the Company holding not less than one-tenth of the paid up share capital carrying voting rights may give requisition to the Board for calling the extraordinary general meeting and in the event Board fails to call the extraordinary general meeting, then requisitionists themselves can call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

(ii) Quorum

(a) Subject to Article 52 (*Fall Away of Rights of CARH*), the quorum at the General Meeting of the Company shall require the presence of the duly authorized representatives (or proxies) of at least 5 (five) members, *provided* that the presence of at least 1 (one) representative each of SBI and CARH shall be necessary to constitute a valid quorum at the General Meeting of the Company.

(b) If within 30 (thirty) minutes of the time appointed for the General Meeting of the Company at the appointed place the required quorum is not present at the General Meeting of the Company ("**Initial General Meeting**"), then the meeting shall be adjourned to the same time and place in the next week unless otherwise agreed by all the members of the Company and determined by the Board of the Company ("**Adjourned General Meeting**"). *Provided however*, if that day is not a Business Day then the General Meeting of the Company shall be adjourned to the immediately succeeding Business Day.

(c) A written notice of at least 5 (five) Business Days shall be given to the members of the Company of any Adjourned General Meeting at the usual address of the members for service of notice of General Meeting of the Company. If the required quorum is not present at such Adjourned General Meeting within 30 (thirty) minutes of the time appointed for such Adjourned General Meeting, the members present shall constitute valid quorum provided that the agenda for the Initial General Meeting shall be the agenda for the Adjourned General Meeting and matters which are not specifically defined and stated in the agenda for the Initial General Meeting shall in no event be taken up for discussion or approved at the Adjourned General Meeting.

(d) It being understood and agreed by SBI, CARH and the Company that subject to Article 27(ii)(e) below and Article 52 (*Fall Away of Rights of CARH*), no Reserved Matter shall in any event be taken up for discussion or approved by the members at the Initial General Meeting or Adjourned General Meeting or otherwise, without the affirmative vote of CARH. If at or prior to a meeting of the Board or of any committee of Board CARH, has accorded/granted its consent in writing in relation to a Reserved Matter then CARH shall not have the right to object or disapprove such Reserved Matter at any General Meeting.

(e) In case, CARH, at any 2 (two) consecutive General Meetings of the Company where a Reserved Matter is to be discussed and resolved: (i) is not present; or (ii) has not provided its consent or dissent to a Reserved Matter in writing either at the meeting of the Board/ committee of the Board of the Company (whether or not CARH Director is present at such meeting(s)) or its affirmative vote at such General Meeting, then the members present at the second meeting of such 2 (two) consecutive General Meetings of the Company shall constitute valid quorum and shall take up for discussion and/or approve such Reserved Matter.

28. **Proceedings at general meetings**

(i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided in these Articles, the quorum for the general meetings shall be as provided in Section 103 of the Act.

(iii) The chairperson, if any, of the Board shall preside as chairperson at every general meeting of the Company.

(iv) If there is no such chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the Directors present shall elect one of their members to be chairperson of the meeting.

(v) If at any meeting no Director is willing to act as chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be chairperson of the meeting.

29. **Adjournment of meeting**

(i) The adjournment of General Meetings of the Company shall be subject to Article 27(ii).

(ii) The chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(iii) Save as provided in these Articles, and as provided in Section 103 of the Act and other applicable rules and Secretarial Standards, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an Adjourned General Meeting.

30. **Voting rights**

(i) The voting rights at a General Meeting of the Company shall be subject to Article 27.

(ii) Subject to any rights or restrictions for the time being attached to any class or classes of shares, voting at a General Meeting shall be in the following manner:

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.

(iii) Any member of a Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as a proxy to attend and vote at the meeting on his behalf in accordance with the provisions of the Act.

(a) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(b) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

(iv) A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

(v) Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

(vi) No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

(a) No objection shall be raised to the qualification of any voter except at the General Meeting or Adjourned General Meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(b) Any such objection made in due time shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

31. **Proxy**

(i) The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the Office of the Company not less than 48 hours before the time for holding the General Meeting or Adjourned General Meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

(ii) An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105 of the Act.

(iii) A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given: Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the General Meeting or Adjourned General Meeting at which the proxy is used.

32. **Internal Audit**

(i) Subject to the provisions of Section 138 of the Act and rules made thereunder, the Company shall, if reaches the prescribed limits, appoint an internal auditor, who shall be such professional as may be decided by the Board of Directors to conduct internal audit of functions and activities of the Company.

(ii) The Company shall follow rules, as may be prescribed from time to time, for the manner in which the internal audit shall be conducted.

33. **Board of Directors**

(i) The number of Directors, composition of the Board, appointment of Director and remuneration and expenses of the Directors, shall be subject to this Article 33.

The First directors were:

(c) Mr. M S Verma
(d) Mr. O P Setia

(ii) <u>Number of Directors on the Board</u>

The Board of the Company shall comprise of 10 (ten) Directors. SBI shall have the right to nominate 4 (Four) Directors, which shall include the MD & CEO, on the Board of the Company ("**SBI Directors**") and CARH shall have the right to nominate 1 (one) Director on the Board of the Company ("**CARH Directors**"). 5 (five) independent directors shall be appointed to the Board of the Company following consultation amongst SBI and CARH and in accordance with Applicable Law and shall have appropriate experience and qualifications to hold a position of this nature on the Board of a company such as the Company.

(iii) <u>Non-retiring Directors</u>

Subject to Article 33(v), SBI Directors and CARH Directors shall be retiring Directors other than MD & CEO

(iv) <u>Qualification Shares</u>

The Directors of the Company shall not be required to hold any qualification shares.

(v) <u>Vacancy</u>

Each of SBI and CARH shall be entitled to, in the event of a vacancy arising on account of the resignation or retirement of their respective Director of the Company or the office of their respective Director of the Company becoming vacant for any reason, designate another person to fill the vacancy in respect of such of their respective

Directors and all Shareholders shall exercise their respective rights in such manner so as to cause the appointment of such representative nominated/ appointed as aforesaid.

(vi) Removal of Directors

Each of SBI and CARH may require the removal of the Director nominated/ appointed by them to the Board of the Company at any time and shall be entitled to nominate another representative as a Director in place of the Director so removed, and all Shareholders shall exercise their rights in such manner so as to cause the appointment of the representative of the other as a Director of the Company as aforesaid.

(vii) Alternate Director

The Board of the Company may appoint an alternate director ("**Alternate Director**") who is recommended for such appointment by a Director of the Company (an "**Original Director**") to act for him during his absence for a period of not less than 3 (three) months from India. An Alternate Director appointed under this Article 33(vii) shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of office of the Original Director is determined before he so returns to India, any provisions in the Act for the automatic reappointment of any retiring Director, in default of another appointment, shall apply to the Original Director and not to the Alternate Director. The act of an Alternate Director while validly acting for the Original Director in accordance with the terms hereof, will be deemed to be the act of the Original Director. Upon the appointment of the Alternate Director, the Company shall ensure compliance with the provisions of the Act, including filing necessary forms with the Registrar. The Alternate Director, while validly acting for the Original Director in accordance with the terms hereof, shall be entitled to receive notice of a meeting of the Board of the Company or committee thereof, along with all relevant papers in connection therewith and to attend and vote at such meeting in place of the Original Director and generally to perform all functions of the Original Director in his absence.

(viii) Chairman of the Board of the Company

(a) SBI shall nominate the Chairman of SBI or Managing Director of SBI as the chairman of the Board of the Company ("**Chairman**").

(b) In the absence of the Chairman, from a meeting of the Board of the Company, the Directors of the Company present shall elect one amongst them to preside over that particular meeting.

(ix) Directors' fees and expenses

(c) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid all travelling, hotel and other expenses properly incurred by them—

i. in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

ii. in connection with the business of the company.

(d) The costs of attendance of the Directors at the meetings of the Board and shareholders of the Company (including meetings of the committees) (including travel and accommodation costs) shall be borne by the Company.

(x) For the purpose of these Articles, the State Bank of India shall, pursuant to the provisions of Section 35A of the State Bank of India Act, 1985, as amended from time to time, be entitled to appoint such individuals as Directors of the company which may include the Managing Director(s) of State Bank of India and the deputy Managing Director(s) of the State Bank of India. These Directors shall be appointed by the State Bank of India on such terms and conditions as it deems fit and it may remove or replace at any time by notice to the Company any Director appointed by it. Such power of appointment, removal or replacement vested with the State Bank of India shall be exercised by it through the chairman for the time being of the State Bank of India. State Bank of India shall also be entitled to appoint Alternate Directors in respect of the aforementioned Directors. The Company shall give effect to such appointments in accordance with the Act.

(xi) A Director of the Company not being an officer of the Government or Reserve Bank of India or the State Bank of India or any subsidiary of the State Bank of India or CARH shall be entitled to be paid out of the funds of the Company by way of remuneration for his services, by way of sitting fee, such sum as may be prescribed for each meeting of the Board or Committee of the Board, attended by him, as may be decided by the Board from time to time. Notwithstanding anything stated herein MD & CEO will be entitled to remuneration in accordance with Applicable Law and Article 37(iii).

(xii) The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(xiii) The Board may pay all expenses incurred in setting up and registering the Company.

(xiv) The Company may exercise the powers conferred on it by Section 88 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.

(xv) All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

(xvi) Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

(xvii) Subject to the provisions of Section 149 of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the Directors and additional Directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.

(xviii) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

(xix) The Board of Directors shall appoint such persons as directors of the Company as nominated by the SBI and CARH, respectively, as nominee director(s) in accordance with the provisions of the Shareholders' Agreement and these Articles.

34. **Proceedings of the Board**

(i) The proceedings of the Board and the meetings of the Board, shall be subject to this Article 34.

(ii) <u>Board Resolution and Board Meetings of the Company</u>

(a) All resolutions of the Board of the Company shall be passed by majority subject to Article 34(v)(*Reserved Matters*) below.

(b) No resolution shall be deemed to have been duly passed by the Board of the Company or a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all Directors of the Company or to all members of the committee, at their usual address or electronic-mail and has been approved and executed by such number of Directors of the Company as required under the Applicable Law from time to time and has been approved by a majority of the Directors of the Company subject to Article 34(v) (*Reserved Matters*) below.

(c) The Board of Company shall meet at least once every calendar quarter and there shall be at least 4 (four) meetings of the Board of the Company in any calendar year.

(d) The authority and management of the Company shall rest with the Board of the Company. The Board of the Company shall be responsible to manage and conduct the business, operations and administration of the Company.

(iii) Notice

(a) Subject to Applicable Law, at least 7 (seven) Business Days clear written notice ("**Notice**") shall be given to all Directors of the Company for any meeting of the Board of the Company, whether in India or outside India. In the case of a Director of the Company residing outside India, notice of such meeting shall be sent to him either by registered air mail or by courier or by electronic mail. In case of an Alternate Director, notice shall be sent to the Alternate Director as well as the Original Director. A meeting of the Board of the Company may be called by shorter notice with the unanimous consent of all the Directors of the Company.

(b) Every Notice shall contain an agenda for meeting of the Board of the Company identifying in sufficient detail, each item of business to be transacted at the meeting of the Board of the Company, including specifically identifying whether an item of business to be transacted relates to a Reserved Matter, together with all relevant supporting documents in relation thereto. No matter which has not been detailed in the agenda shall be transacted at any meeting of the Board of the Company, unless a unanimous consent has been obtained: (i) of all the Directors of the Company, present in the meeting (subject to the quorum requirements in Article 34(vi), in relation to matters that do not pertain to a Reserved Matter; and (ii) of all the Directors of the Company and CARH, in relation to Reserved Matters.

(iv) Participation by Video Conference

(a) The Directors of the Company may, in compliance with the Applicable Law, participate in meetings of the Board of the Company by video conferencing or any other audio-visual mode, provided that each Director of the Company must acknowledge his presence for the purpose of the meeting and any Director of the Company not doing so shall not be entitled to speak or vote at the relevant meeting. A Director of the Company may not leave the meeting by disconnecting his means of communication unless he has previously notified the chairman of the meeting of the Board of the Company and a Director of the Company participating in a meeting of the Board of the Company by video conferencing or any other audio-visual mode shall conclusively be presumed to have been present and formed part of the quorum at all times during the meeting unless he has previously notified the chairman of the meeting of the Board of the Company.

(b) The participation of Directors in a meeting by video conferencing or other audio visual means, as set out above, shall be conducted using video conferencing or other audio visual means which are capable of recording and recognizing the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time. However, certain matters, as prescribed/ may be prescribed in future, under the Act, shall not be dealt with in any meeting held through video conferencing or other audio visual means.

(v) Reserved Matters

Notwithstanding anything contained in the Articles, unless and until the rights granted under this Article 34(v) terminate pursuant to Article 52 (*Fall Away of Rights of CARH*), in respect of the Reserved Matters no resolution shall be passed including through circulation or decision taken at a meeting of the Board of the Company or of any committee of the Company or at any General Meeting of the Company or any action to be taken thereof unless it shall be effected as follows:

(a) the approval for such a Reserved Matter shall only be effected by way of a written consent from CARH received prior to or at the meeting of the Board of the Company or any committee of the Company; and

(b) if CARH has accorded/granted its consent in writing in relation to a Reserved Matter at the meeting of the Board of the Company or any committee of the Company then CARH shall not have the right to object or disapprove such Reserved Matter at any General Meeting of the Company.

(vi) Quorum

(a) **(i) For the Board**

Subject to Article 52 (*Fall Away of Rights of CARH*), valid quorum for the meeting of the Board of the Company shall be 1/3rd of its total strength constituting of atleast 2 (two) SBI Directors (or his/her alternate director) and 1 (one) CARH Director (or his/her alternate director). *Provided* however, that quorum for any meeting of the Board of the Company shall be deemed to be not constituted unless the number of SBI Directors is greater than the number of the CARH Directors at and throughout each meeting of the Board of the Company. If the number of SBI Directors is not greater than the number of the CARH Directors at any meeting of the Board of the Company, there shall be no quorum to conduct the meeting of the Board of the Company, even if all other provisions of the Act and/or these Articles are fulfilled. Further, such quorum requirement may be waived by the Shareholder who's nominee Director is unable to attend the meeting in writing for any particular meeting of the Board.

(ii) For the Committee

Subject to Article 52 (*Fall Away of Rights of CARH*), valid quorum for the meeting of the Committee of the Board of the Company shall be one-third of the total strength of the Committee for the time being or 2 (two) Directors whichever is higher. *Provided* that there shall be no quorum unless at least one(1) SBI Director and one (1) CARH Director is present throughout each meeting of the Committee. Further, such quorum requirement may be waived by the Shareholder who's nominee Director is unable to attend the meeting in writing for any particular meeting of the Committee.

(b) If within 30 (thirty) minutes of the time appointed for the meeting of the Board/ committee of the Company at the appointed place, the required quorum is not present at the meeting of the Board/ committee of the Company ("**Initial Meeting**"), then the meeting shall be adjourned to the same day in the next week, at the same time and place unless otherwise agreed by all the Directors of the Company ("**Adjourned Meeting**"). *Provided however*, if that day is not a Business Day then the meeting of the Board/ committee of the Company shall be adjourned to the immediately succeeding Business Day.

(c) A written notice of at least 7 (seven) days shall be given to the Directors of the Company of any Adjourned Meeting at the usual address of the Directors of the Company or by electronic email for service of notice of the meeting of the Board/ committee of the Company. If the required quorum mentioned at Article 34(vi)(a) above is not present at such Adjourned Meeting within 30 (thirty) minutes of the time appointed for such Adjourned Meeting, then the Directors of the Company present, subject to Applicable Laws shall constitute valid quorum *provided* that the agenda for the Initial Meeting shall be the agenda for the Adjourned Meeting and matters which are not specifically defined and stated in the agenda for the Initial Meeting shall in no event be taken up for discussion or approved at the Adjourned Meeting.

(d) Subject to Article 34(vi)(e) below and Article 52 (*Fall Away of Rights of CARH*) below, no Reserved Matters shall in any event be taken up for discussion or approved by the Directors of the Company at the Initial Meeting or Adjourned Meeting or otherwise, without a written consent from CARH.

(e) In case at any 2 (two) consecutive meetings of the Board/ committee of the Company where a Reserved Matter is to be discussed and resolved (first of such meetings being "**First Meeting**" and subsequent meeting being "**Second Meeting**"), where the First Meeting is adjourned due to;

I. the absence of CARH Director (whether or not CARH has provided consent or dissent to a Reserved Matter in writing to the Board/ committee of the Company on or prior to such First Meeting); or

II. CARH not having provided its consent or dissent to a Reserved Matter in writing to the Board/ committee of the Company on or prior to such First Meeting, (whether or not CARH Director is present at such First Meeting), then the Directors of the Company present at the Second Meeting shall constitute valid quorum and shall take up for discussion such Reserved Matter and shall have the right to proceed /resolve such Reserved Matter, provided CARH has failed to provide its consent or dissent in respect of the Reserved Matter on or prior to such Second Meeting.

(vii) The Board of the Company may meet for the conduct of business, adjourn and otherwise regulate its meetings.

(viii) A Director may, and the manager, MD & CEO or secretary/any other person authorised by the Board in this regard may, on the requisition of a Director shall, at any time, summon a meeting of the Board.

(ix) Save as otherwise expressly provided in the Act and these Articles, questions arising at any meeting of the Board shall be decided by a simple majority of votes.

35. **Related Party Transactions**

Subject to Article 50(iii), except in compliance with the provisions of Act and rules made thereunder and these Articles, the Company shall not enter into any related party transactions.

36. **Powers of the Board and Constitution of Committees of the Board**

(i) Subject to the provisions of these Articles and the Act, the management of affairs of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise to do, subject to the provisions of the Act or any other statute or the Memorandum of Association or these Articles or otherwise, to be exercised or done by the Company in General Meetings. No regulations made by the Company in General Meeting shall invalidate any prior act of the Board, which would have been valid if that regulation had not been made.

(ii) Subject to the provisions of these Articles, the Act and in particular, to the prohibitions and restrictions contained in Section 179 of the Act and other applicable provisions, if any, thereof the Board may from time to time, entrust to and confer upon any Director for the time being; such of the powers exercisable under these Articles by the Board as it may think fit and may confer such powers for such times, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit; and it may confer such powers either collaterally with, or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf and may, from time to time revoke, withdraw, alter or vary all or any such powers.

(iii) Subject to the provisions of the Act, the Board may from time to time, as it may think fit, delegate to such person or persons as it may choose any of the powers hereby conferred upon the Board other than the powers to make calls on members in respect of money unpaid on their shares and to issue debentures.

(iv) <u>Committees of the Board</u>

(a) Subject to Articles 36(iv)(b) and 36(iv)(c) of these Articles, and Applicable Law, the Board of the Company may constitute committees of the Board of the Company in charge of specific tasks in order to support the Board of the Company consisting of member(s) of the Board of the Company (each, a "**Committee**") and may determine their functions, powers, authorities and responsibilities. Such Committees will meet as frequently as the Board of the Company may decide, subject to Applicable Laws.

(b) The Board of the Company shall constitute the following Committees:

(A) **Audit Committee**
The composition will be as follows:
(I) 1 (one) SBI Directors; and
(II) 1 (one) CARH Director
(III) 4(Four) Independent Directors

(B) **Nomination and Remuneration Committee**
The composition will be as follows:

(I) 2 (two) SBI Directors;
(II) 1 (one) CARH Director;
(III) 3 (three) Independent Directors

(C) **CSR Committee**
The composition will be as follows:
(I) 2 (two) SBI Directors; and
(II) 1 (one) CARH Director
(III) 1 (one) Independent Director

(D) **Human Resources Committee**
The composition will be as follows:
(I) 2 (two) SBI Directors; and
(II) 1 (one) CARH Director.

(E) **Risk Management Committee**
The composition will be as follows:
(I) 2 (two) SBI Directors; and
(II) 1 (one) CARH Director.

(c) The Shareholders hereby agree that: (A) formation of any new Committees over and above the Committees contemplated in Article 36(iv)(a); and (B) any delegation by the Board of its powers to such new Committees, shall be done in consultation with CARH. The Shareholders further agree that the composition of every new Committee shall consist of at least 1 (one) CARH Director.

(d) The procedure and the quorum requirements for the conduct of the meetings of the Board of the Company as stated in and Articles 33(ix) and 34(ii)–(vi) of these Articles above shall apply to meetings of the Committees on a *mutatis mutandis* basis.

37. **Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**

(i) Subject to the provisions of the Act, these Articles and the Shareholders' Agreement, a chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as the Board may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board.

(ii) Key Employees

(a) The Managing Director of the Company to be appointed by the Board of the Company shall be a nominee of SBI. The Managing Director of the Company shall also act as the Chief Executive Officer ("**MD & CEO**") of the Company.

(b) The Chief Financial Officer ("**CFO**") of the Company shall be nominated by SBI.

(c) CARH shall participate in the appointment of the management of the Company only through the Nomination and Remuneration Committee of the Company and the Board of the Company.

(d) Subject to Article 37(ii)(a) to (c) above, the appointment of the MD & CEO and CFO shall be recommended by the Nomination and Remuneration Committee of the Company to the Board of the Company. The Board of the Company shall thereafter approve the appointment of such MD & CEO and/or the CFO, as the case may be.

(e) The Shareholders agree that the Board of the Company shall have the power to appoint any other senior managerial personnel of the Company as required and determined by the Board of the Company.

(f) The Board of the Company shall delegate to the MD & CEO, CFO and/or other executives, such powers of management of the Company, as the Board of the Company may deem appropriate.

(iii) <u>Deputation of Employees</u>

9. Subject to availability, SBI and CARH may make available, on deputation to the Company, personnel either employed by them or otherwise under their control.

10. Remuneration payable to the personnel deputed by CARH shall be at market rate and to the personnel deputed by SBI shall be as per SBI standard policies and practices.

11. The terms of employment of personnel on deputation shall be decided by the Nomination and Remuneration Committee of the Company.

12. The Company shall not make any offer of direct employment to any personnel deputed to it by a Shareholder without the prior written consent of the deputing Shareholder.

(iv) <u>Employee Shares Options Plan</u>

The Board of the Company may, subject to Article 34(v) (*Reserved Matters*) above and Article 22(vii)(b)(i) recommend an employee shares or security option scheme or plan from time to time. Any Shares issued by the Company pursuant to an employee shares or security option scheme or plan shall dilute the shareholding of SBI and CARH in the Company on a *pro rata* basis.

38. **Borrowing Powers**

The Board of Directors are authorised in accordance with the Act, to borrow moneys for the purposes of the business of the Company from banks, financial institutions, etc., in the form of loan, debentures, bonds, etc., and to secure the repayment of such debt by mortgaging and /or create charge and/or provide by way of security in any form, the movable and/or immovable properties / assets of the Company, both present and future, or whole or substantially the whole of the undertaking(s) of the Company in such from, manner and time as the Board of Directors may deem fit.

39. **The Seal**

(i) The Board shall provide for the safe custody of the Seal.

(ii) The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf. Every deed or other instrument to which Seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney of the Company, be signed by any one director in whose presence it shall have been affixed and shall be countersigned by the secretary of the Company or any other person authorized by the Board in that behalf. However, the certificates of Shares/Debentures/Securities of the Company, if any, shall be sealed and signed in the manner stated under the Act.

40. **Dividends and Reserve**

(i) The Company in a General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

(ii) Subject to the provisions of Section 123 of the Act, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

(iii) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.

(iv) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

(v) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(vi) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(vii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

(viii) The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

(ix) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(x) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

(xi) Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

(xii) Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

(xiii) No dividend shall bear interest against the Company.

41. **Accounts**

(i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being Directors.

(ii) No member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Board or by the Company in general meeting.

42. **Audit**

(i) At least once in every year the books of account of the Company shall be examined by one or more Auditors.

(ii) The appointment, removal, remuneration, rights, obligations and duties of the Auditor or Auditors shall be regulated by the provisions of the Act.

(iii) The Auditor's report (including the Auditors' separate, special or supplementary report, if any) shall be placed before the Company in general meeting and shall be open to inspection by every member of the Company.

43. **Amalgamation/Merger/reconstruction/demerger**

(i) Subject to the provisions of the Act, rules made thereunder and the Shareholders' Agreement, the Company is authorised to enter into such arrangements/agreements as may be required for the purpose of amalgamation/merger/reconstruction/demerger of Company in relation to any other company subject to the necessary compliance required under Law.

(ii) The Company shall and, the Shareholders shall ensure that the Company takes all necessary steps for the filing of, the Merger Documents by the Company with the High Court of competent jurisdiction or the National Company Law Tribunal (as the case may be) in accordance with the Applicable Laws, seeking approval for the Merger.

(iii) The Company shall take all necessary actions and steps required to give effect to the intent and the transactions contemplated by Clause 10 (*Merger of SBICPSL and SBIBPMSL*) of the Shareholders' Agreement. Without prejudice to the generality of the foregoing, the Company shall execute and deliver all necessary documents, deeds and agreements and procure all relevant consents and approvals (including but not limited to approvals of creditors and, if applicable, any relevant Government Authority) and take all such actions, that may be required to give effect to the transactions contemplated by Clause 10 of the Shareholders' Agreement.

44. **Winding up**

Subject to the provisions of the Act and rules made thereunder and these Articles:

(i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other Securities whereon there is any liability.

45. **Investments**

(i) Subject to the applicable provisions of the Act and the Shareholders' Agreement the Company shall not be entitled to subscribe for or purchase (whether by itself, or by any individual or association of individuals in trust for it or for its benefit or on its account) the shares of any other body corporate except to the extent and except in accordance with the restrictions and conditions specified in these Articles and the Shareholders' Agreement.

(ii) The Board of Directors shall be entitled to invest in any shares or any debentures of anybody corporate subject to compliance with the provisions of the Act.

46. **Notices and Documents**

Save as otherwise expressly provided under the Act, a document or proceeding requiring authentication by the Company may be signed by a Director or MD & CEO or Company Secretary or CFO or other authorised officer of the Company and need not be under the Seal of the Company.

47. **Registers**

The Company shall keep and maintain all registers as required to be maintained by it in accordance with the Act. All such registers shall be open to inspection and extracts may be taken therefrom and copies thereof may be requested by any member of the Company in accordance with the provisions of the Act.

48. **Indemnity**

(i) Every Director and officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the tribunal.

(ii) Subject to the provisions of the Act, no Director, other officer of the Company shall be liable for the act, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or company to or with whom any moneys, Securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgement, omission, default or oversight of his part or for any other loss, damage, or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

49. **Rights in Future Subsidiaries**

The rights of SBI, CARH, the Company and any Person who becomes a party to the Shareholders' Agreement by execution of the deed of adherence as set out in Schedule 3 of the Shareholders' Agreement, respectively, under these Articles shall apply *mutatis mutandis* to all future subsidiaries of the Company or Merged Entity, as the case may be.

50. **Policy Matters**

(i) Business Plan

13. The Shareholders agree that the Company shall be managed by the Board of the Company and the Business shall be conducted by the Board of the Company in accordance with the Business Plan. The Business Plan for each Financial Year shall *inter alia* provide for requirement of capital of the Company for the next 3 (three) Financial Years on rolling basis.

14. The Shareholders agree that the Business Plan shall be reviewed by the Board of the Company, every Financial Year in accordance with guiding principles provided by the Board of the Company in relation to development of the business, revenue growth targets, cash flow projections, market conditions, competition and projected means of finance and any agreed funds utilisation plans, projected expenses of the Company, capital requirements of the Company, etc.

(ii) <u>CARH Transactions</u>

15. Any transactions to be entered into between the Company and CARH shall be subject to the prior approval of the Board of the Company ("**CARH Transaction**").

16. Any costs and expenses (transitional or otherwise) to be incurred by the Company due to the termination of any CARH Transaction on account of (i) breach by CARH of any of its obligations/covenants under such CARH Transaction; or (ii) CARH ceasing to be a Shareholder of the Company; or (iii) for any other reasons attributable to CARH, shall be borne by CARH.

17. The terms and conditions (including costs) governing the CARH Transactions shall be as set out in detail in the definitive agreements to be entered into between the Company and CARH, in relation to such CARH Transactions.

(iii) Related Party Transaction

18. The Shareholders agree that all transactions to be entered into by the Company with any Related Parties shall be approved by the Audit Committee of the Company in accordance with the Applicable Laws, prior to the Company entering into any such related party transaction.

19. In circumstances where the Company would not be able to procure prior consent of its Audit Committee for a transaction with a Related Party(ies), the Company may enter into the transaction conditional on Audit Committee approval (which approval shall be procured in the next scheduled Audit Committee Meeting) and provided the following conditions are met:

(i) where the transaction or arrangement pertains to borrowing or creation of any indebtedness by the Company, such borrowing or indebtedness being within the overall borrowing limits sanctioned by the Board, being in ordinary course of business and on arm's length basis; and having prior approval of the RPT Committee. For the avoidance of doubt, it is clarified that any transaction or arrangement pertaining to borrowing/indebtedness which does not meet the aforesaid criteria shall require prior approval of Board and/or Audit Committee as the case may be; or

(ii) where the transaction or arrangement pertains to urgent matters not covered in Article 50(iii)(b)(i) above, such transaction or arrangement being in ordinary course of business and on arm's length basis; having prior approval of the RPT Committee; and not being in excess of Rs. 1,00,00,000 (Indian Rupees one crores) per transaction and in aggregate exceeding Rs. 10,00,00,000(Indian Rupees ten crores) per Financial Year.

(iii) For the purposes of Article 50(iii)(b) only, "ordinary course of business" shall mean an action taken that is: (xx) recurring in nature and/or taken in the normal course of business; and/or (yy) consistent with past practice and/or existing policies.

20. Without prejudice to the remaining provisions of Article 50(iii), the first scheduled meeting of the Audit Committee of the Company in every quarter shall conduct a quarterly review of the borrowing/indebtedness from SBI in the previous quarter for compliance with Applicable Laws pertaining to related party transactions, internal policies and procedures of the Company in relation to related party transactions and the terms of these Articles. Based on such quarterly review and subject to Applicable Laws, the Audit Committee may make modifications to terms of omnibus approval for related party transactions pertaining to borrowing/indebtedness, if required.

(iv) Information Rights

CARH and SBI shall have the right to receive, and the Company shall furnish to CARH and SBI simultaneously, the following:

(a) audited financial statements of the Company, together with the auditor's report thereon promptly after finalization of such audited financial statements;

(b) unaudited quarterly financial statements of the Company in such format agreed between the CARH, SBI and the Company promptly after finalization of such quarterly unaudited financial statements;

(c) the minutes of Board meetings of the Company, general meetings and committee meetings promptly upon finalization of the same in accordance with Applicable Law;

(d) monthly information statements of the Company in the form mutually agreed between SBI, CARH and the Company;

(e) reasonable access during business hours, subject to a prior written notice of at least 2 (two) Business Day, to the key management personnel and senior management of the the Company; and

(f) such other information in relation to the Company as may be required under the Applicable Law or any other information that is proposed to be shared with or requested by a Shareholder.

(v) Compliance Policies

1. Any material amendments to the Compliance Policies in place as at the Effective Date and from time to time thereafter will require the approval of the Risk Management Committee of the Company.

2. The Risk Management Committee of the Company shall within 6 (six) months following the Effective Date and on an annual basis thereafter, or earlier if required in order to comply with Applicable Laws, review and discuss the Compliance Policies, current implementation of the Compliance Policies (including appropriate reports and/or updates from the Company's compliance officer), and assess the requirement of any changes which may be appropriate to be made to the Compliance Policies to comply with then current Applicable Laws and best practice (including making available appropriate resources to manage adherence to the Compliance Policies and the monitoring and reporting of such adherence), and will make recommendations to the Board of the Company accordingly. CARH will use reasonable endeavours to provide reasonable support and/or guidance on these matters to the Risk Management Committee of the Company, including providing recommendations as to appropriate third party advisers to the extent required.

(vi) Regulatory and Tax Cooperation

The Company shall from time to time and upon request of CARH provide necessary information and extend all cooperation to CARH, consistent with Applicable Law, as may be necessary, in relation to US regulatory or tax matters concerning CARH including any implications arising out of the Merger or any other future restructuring or amalgamation involving the Merged Entity.

51. **Termination**

Consequences of Termination

(i) Upon termination of the Shareholders' Agreement in accordance with Clause 7.2 (*Termination*) of the Shareholders' Agreement, the Terminating Party shall by way of a written notice to the Non-Terminating Party ("**Termination Valuation Notice**") have the right to either by itself or through its Affiliates or nominees to purchase all the Shares held by the Non-Terminating Party and its Permitted Transferees and the Non-Terminating Party and its Permitted Transferees shall have the obligation to sell all the Shares held by them at a price being an amount equivalent to the Fair Market Value per Share as on the date of the Termination Valuation Notice, subject to Applicable Law.

(ii) The Transfer of the Shares held by the Non-Terminating Party and its Permitted Transferees as contemplated in Clause 7.4 (*Consequences of Termination*) of the Shareholders' Agreement shall take place within 150 (One Hundred and Fifty) Business Days from the date of the Termination Valuation Notice.

(iii) Notwithstanding any other provision in these Articles, upon the occurrence of a termination event as set out in Clause 7.2 (*Termination*) of the Shareholders' Agreement, the Shareholders' Agreement shall continue to be in force until all (and not less than all) Shares held by the Non-Terminating Party and its Permitted Transferees are purchased by the Terminating Party in accordance with Clause 7.4 (*Consequences of Termination*) of the Shareholders' Agreement.

52. **Fall Away of Rights Of CARH**

If on account of dilution of the shareholding of the CARH Block in the Company pursuant to failure of the CARH Block to or CARH Block electing to not to subscribe to its entitlement of the Offered Shares in an issuance under Article 22(viii) (*Pre- Emption Rights)*:

(a) CARH Block ceases to hold at least 26% (twenty six percent) of the issued and paid-up equity share capital of the Company, CARH shall have the right to nominate only 1 (one) CARH

Director and accordingly shall obtain resignation of its other nominee CARH Director(s) already on the Board of the Company and the rights conferred on CARH under Articles 34(v), 34(vi), and 27(ii) shall cease and immediately terminate; and

(b) CARH Block ceases to hold at least 10% (ten percent) of the issued and paid-up equity share capital of the Company, all rights conferred on CARH by these Articles (other than the rights set out in Article 50(iv) (*Information Rights*), Article 22(x) (*Right of First Offer*) and Article 53 (Initial Public Offering) (excluding the right to have 1 (one) CARH nominee Director on the IPO Committee) shall cease and immediately terminate and accordingly CARH shall obtain resignation of its sole CARH Director already on the Board of the Company.

53. **Initial Public Offering**

(i) SBI shall cause the Merged Entity to undertake and complete an initial public offering ("**IPO**") by the end of 7 (seven) years from the Effective Date. Without prejudice to the aforesaid, the timing of the IPO (*i.e.* the listing of the Merged Entity shares on a recognized stock exchange) shall be determined by the Board of the Merged Entity ("**IPO Timeline**"). The Merged Entity shall constitute an IPO Committee which shall include at least 1 (one) CARH nominee director as a member and the provisions of Article 36(iv) (*Committees of the Board*) shall apply *mutatis mutandis* to the IPO Committee. For avoidance of doubt it is hereby clarified that if with the mutual written agreement of both SBI and CARH, the IPO is not completed by the end of 7 (seven) years from the Effective Date, then such a non-completion of IPO shall not be construed as an Event of Default attributable to SBI under Clause 13.1 (*Event of Default*) of the Shareholders' Agreement.

(ii) SBI shall undertake appropriate steps and preparatory actions for the intended IPO such that it ensures the listing of the Merged Entity shares on a recognized stock exchange in accordance with the IPO Timeline.

(iii) SBI shall cause the Merged Entity to comply with the provisions of the listing agreement (of the stock exchange on which the Merged Entity's shares are being listed) and other Applicable laws.

(iv) The IPO shall be effected through:

(a) the issue of new equity shares of the Merged Entity; and/or

(b) an offer for sale of all or any of the existing equity shares of the Merged Entity.

(v) The Merged Entity shall appoint Reputed Merchant Banker for the IPO.

(vi) Subject to Applicable Laws, the Shareholders shall mutually agree upon the proportion of the equity shares held by them that shall be offered in the IPO, *provided* that the shareholding of SBI as a result of such offering of equity shares in the IPO does not fall below 50.1% (fifty point one percent). CARH shall have the right to offer for sale in the IPO, Shares *pro-rata* to the extent of the shareholding available for sale by SBI and CARH in the IPO (taking into account SBI's obligation under Article 22(vii)(b)).

(vii) CARH and SBI shall ensure that the Merged Entity shall at its own cost (i) obtain all the relevant Consents (statutory or otherwise) that are necessary to provide for a IPO, and (ii) complete the process of the IPO, in accordance with the terms of these Articles and Applicable Law. All costs related to such listing shall be borne by the Merged Entity in accordance with Applicable Law. Notwithstanding anything contained in the Shareholders' Agreement or these Articles but subject to Clause 7.6 of the Shareholders' Agreement, the Shareholders' Agreement and the SHA Articles shall automatically lapse and terminate with the commencement of trading pursuant to the IPO.

(viii) The IPO shall be structured in a way such that CARH will not be considered as, or deemed to be, a "promoter", and none of the equity shares held by CARH will be considered as, or deemed to be, "promoter shares" under Applicable Laws with respect to public offerings (including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, modified or replaced from time to time).

(ix) The costs and expenses relating to the IPO (including merchant bankers' fee, underwriting, selling and distribution costs) shall be borne by the Merged Entity.

54. **Consequences of Event of Default**

(i) Upon occurrence of an event of default in accordance with Clause 13.1 (*Event of Default*) of the Shareholders' Agreement ("**Event of Default**"), if the Defaulting Shareholder is CARH, then SBI being the Non-Defaulting Shareholder shall by way of a written notice to CARH ("**SBI EOD Valuation Notice**") have the right to either by itself or through its Affiliates or nominees purchase all the Shares held by CARH and the CARH Permitted Transferees and CARH shall have the obligation to sell all the Shares held by it and the CARH Permitted Transferees to SBI or its Affiliates or nominees (as the case may be) at a price being an amount equivalent to 75% (seventy five percent) of the Fair Market Value per Share as on the date of the SBI EOD Valuation Notice, subject to Applicable Law.

(ii) Upon occurrence of an Event of Default in accordance with Clause 13.1 (*Event of Default*) of the Shareholders' Agreement, if the Defaulting Shareholder is SBI, then CARH being the Non-Defaulting Shareholder shall by way of a written notice to SBI ("**CARH EOD Valuation Notice**") have the right to sell all the Shares held by CARH and the CARH Permitted Transferees and SBI shall have the obligation to purchase either by itself or through its Affiliates or nominees all the Shares held by CARH and the CARH Permitted Transferees at a price being an amount equivalent to the Fair Market Value per Share as on the date of the CARH EOD Valuation Notice , subject to Applicable Law.

(iii) The Transfer of the Shares held by CARH and the CARH Permitted Transferees (i) as contemplated in Article 54(i) shall take place within 150 (One Hundred and Fifty) Business Days from the date of the SBI EOD Valuation Notice; and (ii) as contemplated in Article 54(ii) shall take place within 150 (One Hundred and Fifty) Business Days from the date of the CARH EOD Valuation Notice.

(iv) Notwithstanding any other provision in these Articles, upon the occurrence of an Event of Default as set out in Clause 13.1 (*Event of Default*) of the Shareholders' Agreement, the Shareholders' Agreement shall continue to be in force until all (and not less than all) Shares held by CARH and the CARH Permitted Transferees are purchased by SBI in accordance with Article 54 (*Consequences of Event of Default*). Upon CARH (and the CARH Permitted Transferees) ceasing to hold any Shares, the Shareholders' Agreement and the SHA Articles shall stand terminated except for the survival of the provisions set out in Clause 7.6 of the Shareholders' Agreement.

55. **Deadlock**

(i) In the event of an occurrence of a deadlock as per Clause 15.1 of the Shareholders' Agreement ("**Deadlock**") in relation to the Company, either of the Shareholders may by notice ("**Deadlock Notice**") to the other Shareholder refer the matter giving rise to the Deadlock to a committee comprising of Deputy Managing Director or a nominee officer of SBI and Managing Director or Executive Vice President or a nominee officer of CARH ("**Deadlock Resolution Committee**") who shall meet to discuss and resolve such Deadlock. The decision (if any) of the Deadlock Resolution Committee shall be final and binding on SBI & CARH and the Company and the decision (if any) of such Deadlock Resolution Committee shall be forthwith communicated to the Board of the Company. The Deadlock Notice shall state in reasonable detail the matter which has given rise to the Deadlock and the manner in which its approval/non-approval, as the case may be, is likely to affect the Company and/or the ability of the Company to carry on its business.

(ii) If the Deadlock cannot be resolved within 45 (forty five) Business Days from the reference to the Deadlock Resolution Committee, then Deadlock Resolution Committee shall jointly refer the matter giving rise to the Deadlock to the higher management of both SBI and CARH i.e. the managing director of SBI and a director of CARH ("**Higher Management**"). The SBI, CARH and the Company shall procure that the Higher Management is supplied with any information which they may reasonably request in connection with their determination.

(iii) The Higher Management shall meet in good faith to negotiate a resolution on the matter giving rise to the Deadlock ("**Good Faith Negotiations**") in an amicable and commercially reasonable manner in the interest of the Company. The Higher Management shall attempt to complete the Good Faith Negotiations and resolve the Deadlock within a period of 30 (thirty) calendar days from the date of reference of the

Deadlock to the Higher Management ("**Good Faith Negotiations Period**"). The decision (if any) of the Good Faith Negotiations shall be final and binding on the SBI, CARH and the Company and the decision (if any) of such Good Faith Negotiations shall be forthwith communicated to the Board of the Company.

(iv) If the Deadlock is not resolved in terms of Article 55(iii) within the Good Faith Negotiations Period, then the status quo shall be maintained and SBI and CARH shall have the right to refer the matter to arbitration in accordance with Clause 27 (*Dispute Resolution*) of the Shareholders' Agreement.

(v) Notwithstanding the existence or continuance of any dispute or difference or Deadlock and without prejudice to the future rights under Article 34(v) (*Reserved Matters*) of the Shareholders' Agreement, SBI and CARH shall co-operate with each other and shall extend full support to the Company to carry on their business and operations in the normal course, without considering or giving effect to or implementing the matter, which has given rise to the dispute or difference or Deadlock.

(vi) Without prejudice to the future rights under Article 34(v) (*Reserved Matters*), SBI, CARH and the Company shall co-operate with each other to enable the Company to comply with the statutory and regulatory compliance obligations applicable to the Company, including convening and conducting the meetings of the Board of the Company and the annual general meetings and transacting thereat the businesses required to ensure compliance of such obligations.

56. **Licensing Agreement**

The Company has, on September 7, 2009 entered into a Licensing Agreement with SBI which was amended by agreements dated July 21, 2017 and November 19, 2019 whereby SBI has provided to the Company a licence to incorporate the name SBI in the Company's name. The said Agreement inter alia requires that on termination thereof and receipt of notice from SBI, the Company shall discontinue the use of the name "SBI" in any form or manner as part of its corporate name, trading style and/or trade name and shall change its corporate name, trading style and/or trade name so as to delete the word "SBI" and take all attempts in that regard. The Company shall also, thereupon, not adopt any new name with the word "SBI". The said Agreement shall be deemed to be agreed to by all the members and all members shall be deemed to be expressly undertaking to exercise their rights as shareholders and particularly their voting rights in such manner so as to enable to the Company to comply with and implement the terms and conditions of the said Agreement and in particular for implementing the change of the corporate name by discontinuing the use of the name "SBI" on termination of the said Agreement.

APPENDIX A

DESCRIPTION OF THE BUSINESS

The main activities of the Company shall be the issuance, sales and marketing of the Payment Products and shall include but not be limited to:

1. Marketing, sales, design and issuance of Payment Products and being the sole issuer of SBI branded credit cards in the Republic of India,
2. Formulation of credit provision strategy including but not limited to the model associated for the Payment Products/Establishments and identification of Establishments and entering into agreement with them,
3. To develop marketing plans, market positioning, database creation and brand equity for Payment Products,
4. Co-ordination with branches of SBI and other outlets for marketing and distribution channels for Payment Products,
5. Determination of association relationship with Visa and MasterCard and/or any other card or other association for the furtherance of the business of Payment Products and to hold membership and licenses pertaining thereto of the associations determined,
6. Media planning, advertising, public relations and market research for all aspects of Payment Products,
7. Develop, design and where required conduct market research for obtaining customer feedback, customer need identification and survey of fulfilment capability,
8. Art work design and production for customer communication and marketing material,
9. Strategy and policy for approval criteria for various Payment Products,
10. Treasury activities including funding and booking of receivables and payables in the books of the Company,
11. Strategy and policy for transaction services including tie-up with third party and sharing arrangements,
12. Sourcing marketing offers for various customer segments and entering into agreements for fees and enhancements for Payment Products,
13. Identification of potential customers in various segments, solicitation and sign up, resale calls, acquiring and supporting customer retention, and
14. Determination of overall risk and credit management strategy and policy for credit limit allocation, enhancement including temporary enhancement for Payment Products and Establishments.

APPENDIX B

RESERVED MATTERS

1. Any amendment of the memorandum or articles of association of the Company;
2. Commencement of any new line of business by the Company;
3. Any increase, reduction or cancellation of the authorized or issued share capital of the Company;
4. Any creation, issuance, allotment or offering of the shares or other securities whether as a private issue, or otherwise (including for the avoidance of doubt under or pursuant to any employee shares or security option scheme or plan) by the Company;
5. Voluntary dissolution, winding-up or liquidation or any amalgamation or merger (other than the merger contemplated in Clause 10 of the Shareholders' Agreement), demerger, consolidation, restructuring or reorganization which has a similar effect of the Company; and
6. Initiation of any litigation of a value more than INR 50,000,000 (Indian Rupees five crores) by the Company and/or settlement of any litigation/ regulatory order of a value more than INR 20,000,000 (Indian Rupees two crores) by the Company

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are, or may be deemed material, have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus filed with the ROC, and also the documents for inspection referred to hereunder may be inspected at our Registered Office and our Corporate Office, from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date (except for such agreements executed after the Bid/Offer Closing Date).

Material Contracts to the Offer

1. Offer Agreement dated November 26, 2019 entered into among our Company, the Selling Shareholders and the BRLMs.
2. Registrar Agreement dated November 26, 2019 entered into among our Company, the Selling Shareholders and the Registrar to the Offer.
3. Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.
4. Escrow and Sponsor Bank Agreement dated [●] entered into among our Company, the Selling Shareholders, the BRLMs, the Banker(s) to the Offer, and the Registrar to the Offer.
5. Share Escrow Agreement dated [●] entered into among our Company, the Selling Shareholders, and a Share Escrow Agent.
6. Syndicate Agreement dated [●] entered into among our Company, the Selling Shareholders, the BRLMs and Syndicate Members.
7. Underwriting Agreement dated [●] entered into among our Company, the Selling Shareholders, the BRLMs, Registrar to the Offer and Syndicate Members.

Other Material Contracts in relation to our Company

1. Shareholders agreement dated July 21, 2017, executed amongst our Company, SBI, CA Rover and erstwhile GE Capital Business Process Management Services Private Limited.
2. Amendment letters dated March 4, 2019 and August 2, 2019, respectively, amending the Shareholders agreement dated July 21, 2017.

Material Documents

1. Certified copies of our Memorandum of Association and Articles of Association as amended until date.
2. Certificate of incorporation dated May 15, 1998 and fresh certificate of incorporation dated August 20, 2019 consequent upon conversion into a public limited company.
3. Resolution of the Board dated August 14, 2019 in relation to the Offer and other related matters.
4. Resolution dated September 27, 2019 of the Shareholders of our Company in relation to the Fresh Issue and other related matters.
5. Resolution of Board for appointment of our MD & CEO dated October 22, 2019.
6. In-principle approval provided by the Executive Committee of the Central Board of SBI for participating in the Offer dated August 14, 2019
7. Final approval provided by the Executive Committee of the Central Board of SBI for participating in the Offer dated November 14, 2019
8. Board resolution passed by the board of directors of CA Rover dated authorising its participation in the Offer for Sale dated November 5, 2019
9. Consent letter of CA Rover for participating in the Offer for Sale dated November 24, 2019
10. Resolution of the IPO Committee for taking on record the Offer for Sale by the Selling Shareholders pursuant to its resolution dated November 26, 2019
11. Resolution of the Board and the IPO Committee approving and adopting the Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges, dated November 23, 2019 and November 26, 2019, respectively.
12. Copies of our annual reports for the preceding three Fiscals.
13. SBIC ESOP Scheme.

14. The examination report dated November 11, 2019 of our Statutory Auditors, S. Ramanand Aiyar & Co, Chartered Accountants, on our Restated Financial Statements.
15. Consent from the Auditors namely, S. Ramanand Aiyar & Co. , Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act read with SEBI ICDR Regulations and as an "expert" as defined under Section 2(38) of the Companies Act to the extent and in their capacity as an auditor and in respect of their examination report dated November 11, 2019 on our Restated Financial Statements and their report dated November 22, 2019 on the statement of special tax benefits included in this Draft Red Herring Prospectus. However, they should not be construed as "experts" as defined under Securities Act.
16. Consents of bankers to our Company, the BRLMs, Registrar to the Offer, legal counsel, Directors of our Company, Company Secretary and Compliance Officer and Chief Financial Officer, to act in their respective capacities.
17. Statement of special tax benefits dated November 22, 2019 from the Statutory Auditors, included in this Draft Red Herring Prospectus.
18. In-principle listing approvals dated [●] and [●] from BSE and NSE, respectively.
19. Tripartite Agreement dated November 11, 2019, among our Company, NSDL and Karvy Fintech Private Limited.
20. Tripartite Agreement dated November 8, 2019, among our Company, CDSL and the Karvy Fintech Private Limited.
21. Due diligence certificate to SEBI from the BRLMs dated November 26, 2019.
22. Industry report titled "*Analysis of Credit Cards Industry in India*" dated November 21, 2019 by CRISIL.
23. Final observation letter dated [●] issued by SEBI.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the disclosures made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Mr. Rajnish Kumar
(Chairman, Non-executive Director)

Mr. Dinesh Kumar Khara
(Non-executive Director)

Mr. Hardayal Prasad
(Managing Director and Chief Executive Officer)

Mr. Shree Prakash Singh
(Non-executive Director)

Mr. Sunil Kaul
(Non-executive Director)

Dr. Tejendra Mohan Bhasin
(Independent Director)

Mr. Nilesh Shivji Vikamsey
(Independent Director)

Mr. Rajendra Kumar Saraf
(Independent Director)

Mr. Dinesh Kumar Mehrotra
(Independent Director)

Ms. Anuradha Shripad Nadkarni
(Independent Director)

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Mr. Nalin Negi

Place:

Date:

DECLARATION BY STATE BANK OF INDIA AS PROMOTER SELLING SHAREHOLDER

We, State Bank of India, hereby confirm that all statements and undertakings specifically made by us in this Draft Red Herring Prospectus in relation to ourselves, as Promoter Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements including statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.
For and on behalf of State Bank of India

Authorised Signatory
Name:
Designation:
Place:
Date:

DECLARATION BY CA ROVER HOLDINGS AS INVESTOR SELLING SHAREHOLDER

We, CA Rover Holdings, hereby confirm that all statements and undertakings specifically made by us in this Draft Red Herring Prospectus in relation to ourselves, as Investor Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements including statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of CA Rover Holdings

Authorised Signatory
Name:
Designation:
Place:
Date: