

**Standard Chartered Investments and Loans
(India) Limited**

**Financial statements
together with the Auditors' Report
for the year ended 31 March 2012**

Standard Chartered Investments and Loans (India) Limited

Financial statement together with Auditors' Report

for the year ended 31 March 2012

<i>Contents</i>	<i>Pages</i>
Auditors' report	3 – 8
Balance sheet	9
Statement of profit and loss	10
Cash flow statement	11 – 12
Notes to the financial statements	13 – 39

Auditors' Report**To the Members of
Standard Chartered Investments and Loans (India) Limited**

We have audited the attached balance sheet of Standard Chartered Investments and Loans (India) Limited ('the Company') as at 31 March 2012, the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 and amendments thereto (together referred to as 'the Order') issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 ('the Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.

Further to our comments in the Annexure referred to above, we report that:

- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) the balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- (v) on the basis of written representations received from the Directors, as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31 March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act;

Auditors' Report (*Continued*)

Standard Chartered Investments and Loans (India) Limited

- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **BSR & Co.**
Chartered Accountants
Firm's Registration No: 101248W



N Sampath Ganesh
Partner

Membership No: 042554

Mumbai
28 May 2012

Standard Chartered Investments and Loans (India) Limited

Annexure to Auditors' Report - 31 March 2012

(Referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified on a yearly basis. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) During the year, the Company has not disposed off any substantial part of fixed assets that would affect the going concern assumption.
2. (a) The Company has conducted a physical verification of securities relating to the Company's current investments on the basis of actual verification or statement received from depository participants at reasonable intervals.
(b) The procedures for the physical verification of Company's current investments followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of Company's current investments. No material discrepancies have been noticed on physical verification of Current investments.
3. In our opinion, and according to the information and explanations given to us, the Company has not given/taken any loans secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. We have not observed any major weakness in the internal control system during the course of our audit.
5. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A, Section 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, apply.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any of the services rendered by the Company. Accordingly paragraph 4(viii) of the Order is not applicable.

Standard Chartered Investments and Loans (India) Limited

Annexure to Auditors' Report - 31 March 2012 (Continued)

9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including income-tax, service tax and other material statutory dues during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, provident fund, sales tax, wealth tax, excise duty, customs duty and investor education and protection fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, customs duty and other material statutory dues were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the following dues of Income tax have not been deposited by the Company on account of disputes.

Sr. No.	Amt (Rs '000)	Nature of dues	Period to which amount relates	Forum where dispute is pending
1	1,044	Income tax	AY 2005-06	Appeal filed and pending before CIT(A)
2	48,767	Income tax	AY 2006-07	Appeal filed and pending before ITAT.
3	7,261	Income tax	AY 2006-07	Order u/s 201 received and appeal filed and pending before CIT(A).
4	881	Income tax	AY 2008-09	Appeal filed and pending before CIT(A).
5	8,073	Income tax	AY 2008-09	Order u/s 201 received and appeal filed and pending before CIT(A).
6	373	Income tax	AY 2010-11	Order u/s 201 received and appeal filed and pending before CIT(A).

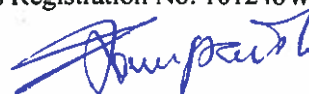
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to any financial institution or bank.
12. In our opinion and according to the information and explanations given to us, the Company has maintained adequate records in cases where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanation given to us, the Company is not a chit fund, nidhi or mutual benefit society. Accordingly paragraph 4(xiii) of the Order is not applicable to the Company.
14. According to the information and explanations given to us, in respect dealing and trading in securities, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.

Standard Chartered Investments and Loans (India) Limited

Annexure to Auditors' Report - 31 March 2012 (*Continued*)

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. Based on our examination of the records of the Company and based on the information and explanations given to us, the Company has not taken any term loans during the year and accordingly paragraph (xvi) of the Order is not applicable to the Company.
17. In terms of the Guidelines of the Reserve Bank of India on Asset Liability Management System for Non Banking Financial Companies, the Company regularly carries out an analysis of its assets and liabilities on the basis of their residual maturity and repricing patterns. Our examination of the same indicates that maturity gaps observed in the asset liability management are within the limits prescribed by the Reserve Bank of India.
18. The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Act.
19. According to the information and explanations given to us, the Company has created security in respect of the debentures issued.
20. The Company has not raised any money by public issues during the year.
21. According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For BSR & Co.
Chartered Accountants
Firm's Registration No: 101248W



N Sampath Ganesh
Partner

Membership No: 042554

Mumbai
28 May 2012

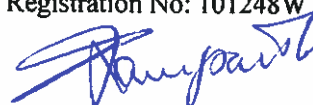
To the Board of Directors of Standard Chartered Investments and Loans (India) Limited

In addition to the report made under section 227 of the Companies Act, 1956 on the financial statements of Standard Chartered Investments and Loans (India) Limited ('the Company') for the year ended 31 March 2012 and as required by the 'Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008' vide notification No. DNBS (PD) CC No. 226 / 03.02.001 / 2011-12 dated 1 July 2011 ('the Notification'), we report as follows on the matters specified in paragraph 3 and 4 of the said directions to the extent applicable:

- The Company is engaged in the business of non-banking financial institution and it has obtained from Reserve Bank of India ('RBI') a certificate of registration No. N-13.01756 dated 14 February 2004, in pursuance of section 45-IA, of the RBI Act, 1934;
- The Company is entitled to continue to hold such certificate of registration in terms of its asset / income pattern as on 31 March 2012;
- Based on the criteria set forth by RBI in the Company Circular No. DNBS.CC No. 85 / 03.02.089 / 2006-07 dated 6 December 2007 for classification of Non-Banking Finance Companies as Asset Finance Company ('AFC'), the Company is not classified as AFC as defined in Non-Banking Financial Companies Acceptance of Public Deposit (Reserve Bank) Directions, 1998 with reference to the business carried on by it during the year ended 31 March 2012;
- The Board of Directors have passed a resolution not to accept deposits from the public at its board meeting dated 29 March 2012;
- The Company has not accepted public deposits during year ended 31 March 2012;
- In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 in the preparation of financial statements for the year ended 31 March 2012;
- The Company being a Systemically Important Non-deposit taking NBFC as defined in paragraph 2(1)(xix) of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007:
 - a) the Company is in the process of furnishing to RBI the annual statement of capital funds, risk assets / exposures and risk asset ratio (form NBS-7) within the stipulated period.

This report is issued to comply with the above mentioned Notification, and may not be suitable for any other purpose.

For **BSR & Co.**
Chartered Accountants
Firm's Registration No: 101248W



N Sampath Ganesh
Partner

Membership No: 042554

Mumbai
28 May 2012

Standard Chartered Investments and Loans (India) Limited

Balance sheet

as at 31 March 2012

(Currency : Indian rupees in '000's)

	Note	31 March 2012	31 March 2011
Equity and Liabilities			
Shareholder's funds			
Share capital	2	4,543,850	4,543,850
Reserves and surplus	3	244,724	167,213
Non-current liabilities			
Long term borrowings	4	-	413,595
Other non current liabilities	13	75,976	53,043
Long term provisions	15	9,547	4,295
Current liabilities			
Short term borrowings	5	1,547,954	1,071,214
Other current liabilities	14	442,345	92,537
Short term provisions	15	313,009	165,417
Total		7,177,405	6,511,164
Assets			
Non-current assets			
Fixed assets			
Tangible assets	6, 1 (C) (8)	16,964	17,454
Deferred tax asset	21 (5)	6,606	11,787
Non-current investments	7	693,072	429,915
Long term loans and advances	12	4,697,606	3,660,489
Other non current assets	11	233,767	188,612
Current assets			
Current investments	8	-	294,000
Cash and bank balances	9	205,268	420,863
Trade receivables	10	68,248	-
Short term loans and advances	12	1,188,348	1,423,832
Other current assets	11	67,526	64,212
Total		7,177,405	6,511,164
Contingent liabilities and commitments	21 (6)	501,704	846,851
Summary of significant accounting policies	1 (C)		

The accompanying notes form an integral part of the Balance Sheet.

As per our report of even date.

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W



N Sampath Ganesh

Partner

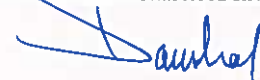
Membership No: 042554

28 May 2012

Mumbai

For and on behalf of the Board of Directors of

Standard Chartered Investments and Loans (India) Limited



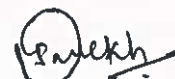
Sunil Kaushal

Chairman



Kanchan Bhawe

Company Secretary



Dhiren Parekh

Managing Director

Standard Chartered Investments and Loans (India) Limited

Statement of profit and loss

for the year ended 31 March 2012

(Currency : Indian rupees in '000's)

	Note	31 March 2012	31 March 2011
Revenue			
Revenue from operations	16	607,675	524,911
Other income	17	54,969	35,437
Total revenue		<u>662,644</u>	<u>560,348</u>
Expenditure			
Finance costs	18	101,107	83,623
Staff costs	19, 21 (11)	18,839	27,863
Other expenses	20	26,485	152,717
Depreciation on fixed assets	6, 1 (C) (8)	557	3,105
		<u>146,988</u>	<u>267,308</u>
Profit before prior period item and tax		515,656	293,040
Prior period income			
Revenue from operations	21 (13)	31,452	-
Profit before tax		547,108	293,040
Provision for taxation			
- Current tax		172,421	125,500
- Prior year tax		(6,798)	-
- Deferred tax credit		(6,073)	(30,716)
Profit after tax		387,558	198,256
Balance in statement of profit and loss brought forward		-	-
Balance in statement of profit and loss carried forward		<u>387,558</u>	<u>198,256</u>
Basic and diluted earnings per share of face value of Rs 10 each	21 (3)	0.85	0.44

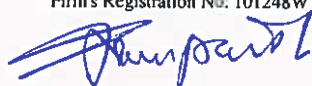
Summary of significant accounting policies

1 (C)

The accompanying notes form an integral part of the statement of profit and loss.

As per our report of even date.

For BSR & Co.
Chartered Accountants
Firm's Registration No: 101248W



N Sampath Ganesh
Partner
Membership No: 042554

For and on behalf of the Board of Directors
Standard Chartered Investments and Loans (India) Limited



Sunil Kaushal
Chairman



Dhiren Parekh
Managing Director



Kanchan Bhawe
Company Secretary

28 May 2012
Mumbai

Standard Chartered Investments and Loans (India) Limited

Cash flow statement

for the year ended 31 March 2012

(Currency : Indian rupees in '000's)

	31 March 2012	31 March 2011
Cash flows from operating activities		
Net profit before tax	547,108	293,040
Adjustments :		
Add / (Less) :		
Depreciation on fixed assets	557	3,105
(Profit) / Loss on sale of fixed assets including write off	(278)	505
Discount amortised on commercial paper issued	61,780	40,176
Debt issue expenses amortised	4,038	4,231
Bad debts	873	26,150
Provision / (write-back) for Service tax (input tax credit)	(8,327)	62,819
(Profit) on securitisation	(289)	(3,456)
Interest on working capital loan	12,441	224
Dividend received	(25,363)	(22,751)
Income from derivatives	(2,425)	(4,606)
Amortised premium on Pass Through Certificates (PTC)	-	393
Interest on Privately Placed Debentures (PPD)	22,848	38,599
Royalty accrual	5,907	4,634
Gain on disposal of investments	(22,961)	-
Contingent provisions against standard assets	1,403	11,106
Other interest income	(53,587)	(33,877)
Operating cash flow before working capital changes	(3,383)	127,252
Adjustments for :		
Add / (Less) :		
(Increase) / decrease in other bank balances	80,519	(109,753)
Increase / (decrease) in other long term liabilities	22,932	53,562
Increase / (decrease) in other current liabilities	(24,716)	3,576
(Increase) / decrease in other current assets	5,013	(58,881)
(Increase) / decrease in other non current assets	8,431	(12,490)
(Increase) / decrease in long term loans and advances	(1,154,706)	(1,913,250)
(Increase) / decrease in short term loans and advances	234,611	1,648,955
(Increase) / decrease in trade receivables	(68,248)	-
	(896,164)	(388,281)
Net cash from operating activities before taxes	(352,439)	32,011
Less: Taxes paid (net of refunds)	(36,780)	(187,722)
Net cash from operating activities	(A) (389,219)	(155,711)
Cash flow from investing activities		
Purchase of fixed assets	(67)	(61)
Proceeds from sale of fixed assets	278	469
Dividend received	25,363	22,751
Gain on disposal of investments	22,961	-
Proceeds from sale / redemption of investments	30,843	399,997
Net cash from investing activities	(B) 79,378	423,156

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Standard Chartered Investments and Loans (India) Limited
Cash flow statement (Continued)

for the year ended 31 March 2012

(Currency : Indian rupees in '000's)

	31 March 2012	31 March 2011
Cash flow from financing activities		
Issue of PPD	-	395,400
(Redemption) of PPD	(67,538)	(365,477)
Income from derivatives	2,425	4,606
Debt issue expenses	(4,038)	(4,231)
Issue of commercial paper	2,114,962	1,070,900
(Repayment) of commercial paper	(1,700,000)	(1,275,115)
Interest paid on working capital loan	(12,441)	(224)
Equity dividend paid for the previous year (including dividend distribution tax thereon)	(158,605)	(178,012)
Net cash from financing activities	<u>174,765</u>	<u>(352,153)</u>
	(C)	
Net Increase / (Decrease) in cash and cash equivalents	(D=A+B+C)	
	<u>(135,076)</u>	<u>(84,708)</u>
Cash and cash equivalents at the beginning of the year (E) (refer note 9)	299,777	384,485
Cash and cash equivalents at the end of the year (D+E) (refer note 9)	<u>164,701</u>	<u>299,777</u>

As per our report of even date.

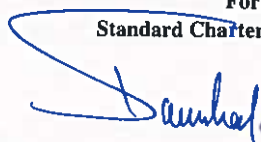
For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W



N Sampath Ganesh
Partner
Membership No: 042554

28 May 2012
Mumbai

For and on behalf of the Board of Directors of
Standard Chartered Investments and Loans (India) Limited



Sunil Kaushal
Chairman



Dhiren Parekh
Managing Director



Kanchan Bhawe
Company Secretary

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

1 Notes forming part of financial statements

A. Background

Standard Chartered Investments and Loans (India) Limited ('the Company') was incorporated under the Companies Act, 1956 on 22 October, 2003. The Company was issued a registration certificate dated 14 February, 2004, by the Reserve Bank of India ('RBI') to act as a Category B Non – Banking Financial Company ('NBFC') not accepting public deposits. The entire share capital of the Company is held by Standard Chartered Bank United Kingdom and its nominees. The primary activities of the Company involve Lending (including small ticket personal loans, discontinued since July 2008) and Investments.

B. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on the accrual basis of accounting, unless as otherwise stated, and comply with the Accounting Standards prescribed in the Companies (Accounting Standard) Rules, 2006 ('AS') (to the extent applicable), and in accordance with the generally accepted accounting principles ('GAAP') and the relevant provisions of the Companies Act, 1956, and the guidelines issued by the RBI in respect of NBFCs, as adopted consistently by the Company to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest thousand, unless otherwise stated.

C. Summary of Significant accounting policies

1 Presentation and disclosure of financial statement

During the year ended 31 March 2012, the revised schedule VI notified under the Companies Act 1956, has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it has an impact on presentation and disclosures made in the financial statements. The Company has also re-classified the previous year figures in accordance with the requirements applicable in the current year.

2 Use of estimates

The preparation of the financial statements in conformity with the GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities, as on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3 Investments

Investments are classified into long term and current investments based on management's intention at the time of purchase.



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

1 Notes forming part of financial statements (*Continued*)

C. Summary of Significant accounting policies (*Continued*)

3 Investments (*Continued*)

Long-term investments are carried at cost less diminution in value, if any, which is other than temporary, determined separately for each individual investment.

Current investments are carried at cost or market value (book value in case of unquoted) whichever is lower. Current investments are valued scrip-wise. Net depreciation, if any, is provided for and net appreciation, if any, is ignored.

Investment in Pass Through Certificates ('PTC') are valued by adopting base yield curve and corporate bond spread relative to residual maturity of the security.

Broken period interest paid at the time of acquisition of the investment is charged to the statement of profit and loss.

Brokerage and commission paid at the time of purchase / sale is charged to the statement of profit and loss.

Profit or loss on sale of investments is determined on the basis of weighted average carrying cost of the investment.

Transfer between categories

Transfer of investments between categories, if any, is accounted at the acquisition cost / book value / market value, whichever is lower, as at the date of transfer. Depreciation, if any, on such transfer is fully provided for.

4 Loans

Loans are classified into 'performing' and 'non-performing' and are stated after deduction of specific provisions and interest in suspense in accordance with the prescribed RBI guidelines.

Non-performing loans are identified by periodic appraisals of the portfolio by the management and appropriate provisions are made based on management's assessment of the degree of impairment of the loans, subject to minimum provisioning level prescribed by the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 and the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, issued by RBI.

The Company also maintains a general provision at rates and as per norms prescribed by the RBI.



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

1 Notes forming part of financial statements (*Continued*)

C. Summary of Significant accounting policies (*Continued*)

5 Derivative financial instruments

The Company issues non-convertible debentures, returns on which are linked to performance of specified equity indices over the period of the debentures. The embedded derivative component of the instrument is separated from host contract and accounted for at fair value, changes in the fair value are recognised in the statement of profit and loss. The host debt instrument is accounted at amortised cost like any other regular fixed rate debenture. In case of scheduled redemption, the difference between the settlement value and the amortised book value of the debenture is recognised as interest cost.

Equity index- futures

Open trading futures positions at the balance sheet date are Marked to Market ('MTM') as per the rates declared by National Stock Exchange of India and any unrealised loss / gain is recognised in the statement of profit and loss.

Equity index – options

As on the balance sheet date premium paid / received on options purchased / sold are MTM against the premium prevailing on that date. Any gain / loss arising thereon is recognised in the statement of profit and loss.

When the option contracts are squared up before expiry of options, the premium prevailing on that date is recognised in statement of profit and loss. If more than one option contract in respect of the same index / stock with the same strike price and expiry date to which the squared up contract pertains is outstanding at the time of squaring up of the contract, weighted average method is followed for determining profit or loss. On expiry of the contracts and on exercising of the options, the difference between final settlement price and the strike price is recognised in the statement of profit and loss.

6 Securitisation

Securitisation transactions are accounted for in accordance with Guidelines on Securitisation of Standard Assets vide circular No. 2005-06/294 DBOD.No.BP.BC.60/21.04.048/2005-06 dated 1 February, 2006, issued by RBI.

Securitized assets are derecognised upon sale when the Company surrenders control over the contractual rights relating to the underlying assets. In respect of credit enhancements provided or recourse obligations accepted by the Company at the time of securitisation, appropriate provisions/ disclosures are made at the time of sale in accordance with AS 29 – Provision's contingent liabilities and contingent assets.



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

1 Notes forming part of financial statements (Continued)

C. Summary of Significant accounting policies (Continued)

6 Securitisation (Continued)

Pursuant to the RBI guidelines, the Company amortises any profit / premium arising on account of sale of assets over the life of the securities sold while any loss arising on account of sale is recognised in the statement of profit and loss in the period in which the sale occurs. Securitisation transactions that do not meet the criteria for surrender of control are accounted for as secured borrowing.

7 Income recognition

- Interest income is recognised on accrual basis of accounting except in case of interest on non-performing loans which is recognised as income on receipt.
- Facility / origination fees on loans are recognised upfront except for amounts in excess of a threshold (Rs. 2,000 thousands), where they are accounted over the tenor of the loan if they are determined to be yield enhancing.
- Discounted instruments are amortised on a constant effective yield basis over the tenor of the underlying instrument.
- Dividend is recognised as income as and when the right to receive the same is established.
- Other income is accrued as per contractual agreements.

8 Fixed assets and depreciation

- Fixed assets are carried at cost of acquisition less accumulated depreciation and impairments if any. Acquisition cost includes all expenses incidental to the acquisition of the fixed assets and any attributable cost of bringing the asset to its working condition for its intended use.
- As per the provisions of the Companies Act, 1956, individual fixed assets costing less than Rs. 5,000 are depreciated fully in the year of purchase.
- Depreciation is provided on the straight-line method over the estimated useful life of the asset, subject to minimum rates of depreciation prescribed under Schedule XIV to the Companies Act, 1956. The depreciation rates are as follows:

Fixed assets	Rate of depreciation
Computer hardware	33.33%
Office equipment	20%
Furniture and fittings	20%
Premises	2%

- Intangible assets (computer software) are capitalised on the basis of the cost incurred to acquire and put to use. These costs are amortised over the expected useful lives, subject to maximum of three years.



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

1 Notes forming part of financial statements (*Continued*)

C. Summary of Significant accounting policies (*Continued*)

8 Fixed assets and depreciation (*Continued*)

- On disposal of fixed assets, the profit or loss is calculated as the difference between net sales proceeds and the net carrying amount as on the date of sale.
- The Company assesses at each balance sheet date, or as and when significant event occurs whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying value, the carrying value is reduced to the recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss for the year. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

9 Discount and issue expenses

- Discount on commercial paper issued is amortised on a constant effective yield basis over the tenor of the instrument.
- Debt issue expenses include stamp duty and fees paid to credit rating agencies relating to the issue of commercial paper, which are accounted for as follows:
 - Stamp duty expenses are amortised on a straight-line basis over the life of the instrument.
 - Fees paid to credit rating agencies are amortised on a straight-line basis over the period for which the instrument has been rated.

10 Accounting for leases

Assets given / taken on lease are accounted in accordance with provisions of AS 19-Leases. Lease payments made under operating leases are recognised as an expense on a straight-line basis over the lease term.

11 Provisions and contingencies

The Company recognises a provision when there is a present obligation as a result of past events that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation.



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

1 Notes forming part of financial statements (*Continued*)

C. Summary of Significant accounting policies (*Continued*)

11 Provisions and contingencies (*Continued*)

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. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet 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 economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

12 Earnings per share (EPS)

The basic EPS is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting year.

Number of equity shares used in computing diluted EPS comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares, which would have been issued on the conversion of all dilutive potential shares. In computing diluted EPS only potential equity shares that are dilutive are included.

13 Taxation

Income tax comprises current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

Current tax expense is recognised on an annual basis under the taxes payable method based on the estimated liability computed after taking credit for allowances and exemption in accordance with the provision of Income Tax Act, 1961.

The Company accounts for deferred tax in accordance with the provisions of AS 22-Accounting for Taxes on Income. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that assets can be realised. In case there is unabsorbed depreciation and carried forward loss under taxation laws, the deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed for appropriateness of their carrying value at each balance sheet date.



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements (Continued)

as at 31 March 2012

(Currency : Indian rupees in '000's)

Note - 2

Share capital

Authorised:

460,000,000 (Previous year: 460,000,000) Equity shares of Rs.10 each

31 March 2012

31 March 2011

4,600,000

4,600,000

Issued, subscribed and paid-up:

454,385,000 (Previous year : 454,385,000) Equity shares of Rs.10 each fully paid up

4,543,850

4,543,850

4,543,850

4,543,850

A Reconciliation of number of shares (in 000's):

Number of shares at the beginning of the year

454,385

454,385

Number of shares at the end of the year

454,385

454,385

B Reconciliation for the amount of share capital

At the beginning of the year

4,543,850

4,543,850

At the end of the year

4,543,850

4,543,850

C Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. There are no restrictions on payment of dividend to equity shareholders. The Company declares and pays dividend to its shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2012, the amount of per share dividend recognised as distributions to equity shareholders was Rs 0.587 (Previous Year: Rs 0.300).

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

D Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The entire share capital is held by the Holding Company Standard Chartered Bank, United Kingdom and its nominees.

Note - 3

Reserves and surplus

Statutory reserve fund

(Under section 45 IC of The Reserve Bank of India Act, 1934)

Opening balance

167,213

127,562

Transfer from statement of profit and loss

77,511

39,651

Closing balance

(A)

244,724

167,213

Surplus in the Statement of profit and loss

Opening balance

-

-

Profit for the year brought forward from statement of profit and loss

387,558

198,256

Less: Appropriations

Transfer to statutory reserve fund

77,511

39,651

Proposed final equity dividend [amount per share Rs 0.587 (Previous Year: Rs 0.300)]

266,770

136,467

Tax on proposed equity dividend

43,277

22,138

Closing balance

(B)

-

-

(A+B)

244,724

167,213



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements (Continued)

as at 31 March 2012

(Currency : Indian rupees in '000's)

Note - 4

Long term borrowings (Secured)

Current

Privately Placed Debentures ('PPD')

3,954 (Previous year: Nil) PPD of face value of Rupees 1 Lacs each redeemable on 28 May 2012

Nil (Previous year 357) PPD of face value of Rupees 1 Lacs each redeemed on 28 April 2011

Nil (Previous year 245) PPD of face value of Rupees 1 Lacs each redeemed on 23 January 2012

31 March 2012

31 March 2011

391,903

38,330

26,060

(A)

391,903

64,390

Non current

Nil (Previous year: 3,954) PPD of face value of Rupees 1 Lacs each redeemable on 28 May 2012

413,595

(B)

413,595

Less: Amount disclosed as other current liabilities

(C)

(391,903)

(64,390)

(A+B+C)

413,595

(a. Secured against investments, deposits, bank balances, premises, loan assets and receivables)

(b. Comprises Rs 391,903 (Previous year: Rs 429,254) being the amortised cost of PPD and Rs Nil (Previous year: Rs 48,732) representing deferred income relating to the underlying embedded derivative)

Note - 5

Short term borrowings (Unsecured)

Commercial papers

Unamortised discount

1,625,000

1,100,000

(77,046)

(28,786)

1,547,954

1,071,214



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements (Continued)

as at 31 March 2012

(Currency : Indian rupees in '000's)

Note - 6 - Fixed assets

Description	Gross block at cost		Depreciation		Net block	
	As at 1 April 2011	For the Year Additions	Deletions	As at 31 March 2012	As at 31 March 2012	As at 31 March 2011
Tangible assets						
Computer hardware	1,698	67	(225)	1,540	1,472	68
Office equipment	739	-	-	739	592	147
Premises	19,856	-	-	19,856	3,107	16,749
Intangible assets						
Computer software	27,589	-	(303)	27,286	27,286	-
Total	49,882	67	(528)	49,421	32,457	16,964
Previous Year	57,763	61	(7,942)	49,882	32,428	17,454



Standard Chartered Investments and Loans (India) Limited
Notes to the financial statements (Continued)

as at 31 March 2012

(Currency : Indian rupees in '000s)

31 March 2012

31 March 2011

Note - 7

Non-current investments

Non trade investments (valued at cost unless otherwise stated)

Unquoted equity instruments

Investment in fellow subsidiaries

1,109,300 (Previous year: 1,109,300) Equity shares of face value of Rs 10 each of Standard Chartered Finance Limited fully paid up

2,855

2,855

Investment in associates

13,000,000 (Previous year: 13,000,000) Equity shares of face value of Rs 10 each of Standard Chartered (India) Wealth Advisory Services Private Limited fully paid up

177,060

177,060

Investment in preference shares (unquoted)

Investment in fellow subsidiaries

2,500,000 (Previous year: 2,500,000) Non Convertible Cumulative Preference Shares of Standard Chartered Securities (India) Limited of face value 100 each for a tenor of 5 years maturing on 3 September 2014 (with an option to investee company to redeem after 18 months)

250,000

250,000

Quoted

2,025,060 (Previous year: Nil) Equity shares of face value of Rs 5 each of PI Industries Limited

429,915

429,915

263,157

693,072

429,915

Aggregate book value of quoted investments

263,157

Aggregate market value of quoted investments

1,070,042

Aggregate book value of unquoted investments

429,915

429,915

Note - 8

Current investments

Investment in debentures (Unsecured and unquoted)

Nil (Previous year: 2,940,000) Optionally Convertible Debentures of face value Rs.100 each of PI Industries for a tenor of 18 months maturing on 23 April 2011

294,000

294,000

Aggregate book value of quoted investments

Aggregate market value of quoted investments

Aggregate book value of unquoted investments

294,000

Note - 9

Cash and bank balances

Cash and cash equivalents

Balances with Banks:

In current accounts

Non Current

Current

Non Current

Current

164,701

299,777

(A) 164,701

299,777

Other bank balances:

Deposits with original and residual maturity of more than twelve months

10,292

10,000

Deposits with original maturity of more than three months but residual maturity of less than twelve months

40,292

50,000

Margins with custodian

275

61,086

Less: Amount disclosed under other non-current assets (Note 11)

(10,292)

-

(B) 40,567

121,086

(A+B) 205,268

420,863

Note - 10

Trade receivables

Unsecured and considered good

Debts outstanding for a period exceeding six months

Other debts

68,248

68,248



Standard Chartered Investments and Loans (India) Limited
Notes to the financial statements (Continued)

as at 31 March 2012

(Currency : Indian rupees in '000's)

Note - 11

Other assets

Other non-current assets

Non current bank balances (Note 9)

Interest accrued on tax refunds

Redemption premium accrued on preference shares

Interest accrued on fixed deposits

Others

31 March 2012 31 March 2011

-	10,292
180,331	176,121
51,507	-
-	28
1,929	2,171
233,767	188,612
64,284	60,637
3,242	3,289
-	286
67,526	64,212

Other current assets

Interest accrued on advances

Interest accrued on fixed deposits

Others

Note - 12

Loans and advances

Long term loans and advances

Loans to companies * (Secured and considered good)

Loans to companies ** (Unsecured and considered good)

Consumer loans

Advance tax [Net of provision for tax (including Fringe benefits tax)]

2,248,796	1,534,707
1,570,000	1,190,000
-	3,469
878,810	932,313
4,697,606	3,660,489

Short term loans and advances

Loans to companies * (Secured and considered good)

Loans to companies (Unsecured and considered good)

Consumer loans

Security deposits

1,135,089	973,779
50,000	446,519
12	321
3,247	3,213
1,188,348	1,423,832

* includes loans aggregating to Rs Nil (Previous year: Rs 481,322) for which security has been registered subsequently

** comprises of loans aggregating to Rs 1,570,000 (Previous year: Rs Nil) for which securities are in the process of being perfected

Note - 13

Other non current liabilities

Trade payables

Others

712	423
75,264	52,620
75,976	53,043

Note - 14

Other current liabilities

Trade payables

Others

Current maturities of long-term borrowings (Note 4)

20,115	26,769
30,327	1,378
391,903	64,390
442,345	92,537

Note - 15

Provisions

Long term provisions

Contingent provisions against standard assets [see note 21 (16)]

9,547	4,295
9,547	4,295

Short term provisions

Proposed dividend

Dividend distribution tax

Contingent provisions against standard assets [see note 21 (16)]

266,770	136,467
43,277	22,138
2,962	6,812
313,009	165,417



Standard Chartered Investments and Loans (India) Limited
Notes to the financial statements (Continued)

for the year ended 31 March 2012

(Currency : Indian rupees in '000's)

31 March 2012

31 March 2011

Note - 16

Revenue from operations

Interest income

Interest income on loans and advances

498,350

409,595

Interest income on investments

-

10,699

Interest income on bank deposits

19,514

39,256

Other financial services

Fee income

18,718

34,546

Dividend income

25,363

22,751

Amortisation of redemption premium

20,055

-

Income from derivatives

2,425

4,606

Gain on disposal of investments

22,961

-

Other income

289

3,458

607,675

524,911

Note - 17

Other income

Rental income

1,382

1,560

Other interest income

53,587

33,877

54,969

35,437



Standard Chartered Investments and Loans (India) Limited
Notes to the financial statements (Continued)

for the year ended 31 March 2012

(Currency : Indian rupees in '000's)

31 March 2012

31 March 2011

Note - 18

Finance costs

Interest expenses

Interest on PPD	22,848	38,599
Interest on working capital loan	12,441	224

Other borrowing costs

Discount amortised on commercial papers issued	61,780	40,176
Debt issue expenses amortised	4,038	4,231
Premium amortised on PTC's	-	393
	101,107	83,623

Note - 19

Staff costs [Refer note 21 (11)]

Salaries, bonus, staff welfare expenses and allowances	18,839	27,863
	18,839	27,863

Note - 20

Other expenses

Rent	6,374	5,200
Outsourcing expenses	6,394	5,387
Royalty charges	5,907	4,634
Support service charges [Refer note 21 (12)]	2,754	24,331
Brokerage and other fees	2,553	5,869
Communication expenses	1,708	816
Collection charges	1,446	10,767
Auditors' remuneration		
- Statutory audit	1,079	1,050
- Tax audit	300	263
- Other services	425	450
- Reimbursement of expenses	55	22
	1,859	1,785
Contingent provision against standard assets	1,403	11,106
System maintenance charges	1,283	1,438
Exchange loss on foreign exchange conversion	456	-
Printing and stationery	314	278
Travelling and conveyance	261	598
Repairs and maintenance - Premises	249	911
Repairs and maintenance - Others	215	276
Legal expenses	200	746
(Profit) / Loss on sale of fixed assets including write off	(278)	505
Bad debts [net of recoveries Rs 5,459 (Previous year: Rs 18,739)]	(4,586)	7,412
Bank charges	22	299
Provision for service tax (Input tax credit)	(8,327)	62,819
Others	6,278	7,540
	26,485	152,717



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (Continued)

1 Discontinuing operations

The Company has discontinued fresh disbursements of small ticket personal loans since July 2008 and has closed down all branches and disposed of fixed assets. The discontinuation plan has been substantially completed.

2 Loan assignment

The Company has purchased three assigned loans aggregating to Rs Nil [Previous year: Rs 346,150 (Book Value Rs 346,402)] at a profit of Rs Nil (Previous year: 252).

3 Earnings per share (EPS)

EPS has been calculated by dividing the net profit after taxation for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The computation of EPS is set out below:

Description	For the year ended 31 March 2012	For the year ended 31 March 2011
Net profit (gross of transfer to statutory reserve) attributable to equity shareholders	387,558	198,256
Weighted average number of equity shares (in '000's) outstanding during the year for calculation of earnings per share	454,385	454,385
Basic and Diluted Earnings per share of face value of Rs 10 (Rs.)	0.85	0.44

The basic and diluted EPS is same as there are no potential dilutive equity shares.

4 Leases

Disclosures as required by Accounting Standard 19 – Leases pertaining to lease arrangement entered into by the Company are given below:

- The assets taken / given on lease primarily relate to commercial and residential premises and are in the nature of operating leases.
- All leases are cancellable leases. Rentals are as per the agreements. Lease agreements do not have any undue restrictive or onerous clauses; other than those normally prevalent in similar agreements, for use of assets, rental increases and lease renewals.
- Operating lease rentals are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.
- Lease rent charged (net) to statement of profit and loss for the year ended 31 March 2012 is Rs. 6,374 (Previous year Rs. 5,200).



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (Continued)

4 Leases (Continued)

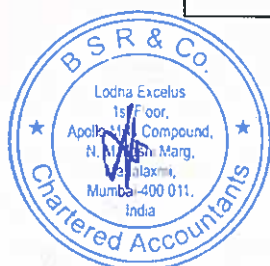
- Premises given on lease:

Description	For the year ended 31 March 2012	For the year ended 31 March 2011
Gross carrying amount	19,856	19,856
Accumulated depreciation	3,107	2,710
Depreciation charge for the year	397	397

5 Deferred tax

Deferred tax assets / (liabilities) as per AS 22 – Accounting for taxes on income, included in the balance sheet comprise of the following:

Description	Year ended 31 March 2012	Year ended 31 March 2011
Deferred tax assets		
Depreciation on fixed assets	10,087	10,679
Contingent provision against standard assets	4,058	3,603
Unamortised fees	34,779	8,246
Loss on sale of fixed assets	73	164
Unamortised profit on assignment of loans	118	212
Provision for un-utilised service tax credit	34,038	36,791
Total deferred tax asset	83,153	59,695
Deferred tax liabilities		
Interest accrued on income tax refunds	(76,547)	(47,908)
Total deferred tax liability	(76,547)	(47,908)
Net deferred tax asset / (liability)	6,606	11,787



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (Continued)

6 Contingent liabilities and commitments

	31 March 2012	31 March 2011
Contingent liabilities		
Taxation [see note (1)]	501,704	206,174
Financial guarantees [see note (2)]	-	453,800
Open future contracts [see note (3)]	-	186,877
Total	501,704	846,851

Notes:

(1) Tax liabilities (including interest and penalty) of the Company for the assessment years 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 are pending final outcome of the rectification and appeals filed by the Company. The Company believes that these demands are largely unsustainable and accordingly, no provisions have been made.

(2) Financial guarantees are provided by the Company on behalf of customers.

(3) Open contracts are the notional value of open future contracts.

7 Unexpired equity derivative contracts

There are no open contracts outstanding as on 31 March 2012. Details of open position in index futures / option as on 31 March 2011 is given below:

Name of Derivative	No of contracts	Expiry Date	No of units	Notional amount (Rs. in '000)
S&P CNX Nifty Future	1	28 April 2011	31,800	186,877

8 Expenditure in foreign currency (on actual basis)

A sum of Rs. 136,467 (Previous year: Rs. 152,656) in respect of equity dividend was remitted during the year in respect of dividend for the period 1 April 2010 to 31 March 2011 (excluding dividend distribution tax) on 454,385 shares (000's) held by Standard Chartered Bank, UK.

A sum of Rs 4,601 was paid to Standard Chartered Strategic Brand Management Company Limited, UK during the year in respect of Brand Royalty costs for the period 1 April 2010 to 31 March 2011.



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (*Continued*)

9 Segmental reporting

Segment descriptions

Segment definition	Activities
Global markets	Includes investments, fixed income and other asset liability management products
Origination and Client Coverage (OCC)	Primarily consists of loans to corporate customers
Unallocated	Primarily consists of corporate level items such as tax and income thereon, investment in group companies, fixed assets and related costs such as depreciation

Notes:

1. The segment definition has been determined in line with AS 17 - Segment reporting.
2. Inter segment allocations stated below represent Global Markets segments internal fund transfer pricing which it charges to other segments for the funds mobilised by Global Markets and utilised by them. Based on tenors of assets / liabilities and market scenarios, Global Markets segment calculates notional interest rates used for this purpose.
3. Capital, Reserves and attributable earnings thereon are allocated to individual segments based on average assets.
4. As the Company operates only in the Indian market, there are no reportable geographical segments.



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (Continued)

9 Segmental reporting (Continued)

Description	OCC		Global Markets		Unallocated		Total	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Segment revenue								
Revenue from operations	517,085	437,527	53,049	54,561	273	10,070	570,407	502,158
Other income	-	-	-	-	92,237	58,190	92,237	58,190
Inter segment allocations *	(81,423)	(111,202)	104,308	167,546	(22,885)	(56,344)	-	-
Total	435,662	326,325	157,357	222,107	69,625	11,916	662,644	560,348
Segment results*								
Prior period income	394,915	261,591	58,477	111,057	62,264	(79,608)	515,656	293,040
Segment results after prior period income	394,915	261,591	58,477	111,057	31,452	-	31,452	-
Income taxes								
Current tax	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	93,716	(79,608)	547,108	293,040
Profit after tax								
Other information								
Carrying amount of segment assets	5,203,970	4,495,235	396,501	430,177	1,576,934	1,585,752	7,177,405	6,511,164
Carrying amount of segment liabilities**	3,519,705	3,109,144	2,230,465	2,090,630	1,427,235	1,311,390	7,177,405	6,511,164
Capital expenditure	-	-	-	-	67	61	67	61
Depreciation	-	-	-	-	(557)	(3,105)	(557)	(3,105)
Non cash expenditure other than depreciation	7,558	(18,826)	(61,780)	(41,850)	4,229	(58,213)	(49,993)	(118,889)
Profit after tax							387,558	198,256

* Refer note 2 of Segmental reporting

** Refer note 2 and 3 of Segmental reporting



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (Continued)

10 Related parties disclosure

Name of Related Party	Nature of relationship
Standard Chartered PLC	Ultimate parent company
Standard Chartered Bank – UK	Holding company
Standard Chartered Bank – India Branches	Branch of holding company
Scope International Private Limited	Fellow subsidiary
Standard Chartered Securities (India) Ltd (formerly Standard Chartered – STCI Capital Markets Limited)	Fellow subsidiary
Standard Chartered Finance Limited	Fellow subsidiary
Standard Chartered Strategic Brand Management Limited	Fellow subsidiary
Standard Chartered Bank Nepal Limited	Fellow subsidiary
Standard Chartered (India) Wealth Advisory Services Private Limited	Associate enterprise

Transactions with Standard Chartered Bank – India Branches	For the year ended 31 March 2012	For the year ended 31 March 2011
Leasing arrangements availed	6,374	3,361
Leasing arrangements provided	1,382	1,560
Receiving of services (secondment of staff * and other support charges)	21,591	52,170
Issue and paying agent fees	-	845
Interest on Non Convertible Debentures	-	5,401
Other expenses	128	307
Consideration towards purchase of loans	-	346,150
Profit on disposal of assets	49	-
Sale of assets (cost)	224	-

* includes Rs 3,199 (Previous year: Rs 3,203) paid for secondment of key management personnel

Balances with Standard Chartered Bank – India Branches	As at 31 March 2012	As at 31 March 2011
Sundry balances - payable	3,969	7,077
Sundry balances – receivable	5,515	-

Banking Transactions and Balances	For the year ended 31 March 2012	For the year ended 31 March 2011
Transactions		
Issuance of commercial papers	1,009,977	-
Maturity of commercial papers	1,062,500	880,000
Unamortised discount on commercial papers	38,523	-
Discount amortised on commercial papers	14,000	1,325
Interest on working capital loan	12,441	224
Prepayment charges for working capital loan	25	-
Bank charges	21	63
Interest received	15,103	21,855



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (Continued)

10 Related parties disclosure (Continued)

Balances	As at 31 March 2012	Maximum outstanding during the year	As at 31 March 2011	Maximum outstanding during the year
Non convertible debentures	-	-	-	340,000
Bank balance	159,909	212,870	296,281	850,063
Working capital loan	-	705,000	-	130,000
Commercial paper	812,500	812,500	-	880,000
Fixed deposits	-	400,000	-	660,000
Margin money	275	57,533	61,086	81,918

Transactions with Scope International Private Limited	For the year ended 31 March 2012	For the year ended 31 March 2011
Outsourcing expenses	2,193	1,593

	As at 31 March 2012	As at 31 March 2011
Sundry balances - Net payable	62	121

Transactions with Standard Chartered Finance Limited	For the year ended 31 March 2012	For the year ended 31 March 2011
Dividend income	12,934	19,492
Rental charges received	-	1,755
Reimbursement of service charges paid	-	825

	As at 31 March 2012	As at 31 March 2011
Sundry balances - net receivable	-	344

Transactions with Standard Chartered (India) Wealth Advisory Services Private Limited	For the year ended 31 March 2012	For the year ended 31 March 2011
Dividend income	4,278	3,259



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (Continued)

10 Related parties disclosure (Continued)

Transactions with Standard Chartered Securities (India) Limited	For the year ended 31 March 2012	For the year ended 31 March 2011
Redemption premium on preference shares	51,507	-
Brokerage and other charges paid	1,758	3,085
Profit on disposal of assets	165	-
Sale of assets (cost)	303	-

	As at 31 March 2012	As at 31 March 2011
Brokerage payable	-	175
Investments in preference shares	250,000	250,000
Accrued income	51,507	-

Transactions with Standard Chartered Strategic Brand Management Limited	For the year ended 31 March 2012	For the year ended 31 March 2011
Royalty costs	5,907	4,634

	As at 31 March 2012	As at 31 March 2011
Royalty payable (net of TDS)	5,287	4,145

Transactions with Standard Chartered Bank Nepal Limited	For the year ended 31 March 2012	For the year ended 31 March 2011
Reimbursement of costs	172	-

Transactions with Standard Chartered Bank UK	For the year ended 31 March 2012	For the year ended 31 March 2011
Equity dividend paid	266,770	136,466



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (*Continued*)

11 Staff costs

All employees of the Company are seconded from Standard Chartered Bank, India branches ('the Bank'). Related costs (including retirement benefits costs) are recovered by the Bank from the Company on a monthly basis. These costs are disclosed in Note 19.

12 Support service charges

The Bank incurs expenditure on support functions like Corporate Real Estate Services, Human Resources, Finance, Legal, Compliance, Country Audit, Information Technology, Corporate affairs etc., which is for the common benefit of the Bank and Group companies in India. Such costs are recovered from other Group companies based on the specific or identifiable criteria and such expenditure is shown as Support Service Charges under Note 20.

13 Prior period income

During the current year the Company has recognised premium on redemption of preference shares amounting Rs 31,452 pertaining to the period 3 September 2009 to 31 March 2011.

14 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income Tax Act, 1961.

15 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED')

On the basis of the information and records including confirmations sought from suppliers on registration with specified authority under MSMED; no amounts pertaining to principal and interest were due or remained due as at and for the year ended 31 March 2012 (Previous year: Nil). There have been no reported cases of delay in payments in excess of 45 days to MSME or of interest payments due to delay in such payments.

16 Provision for standard assets

A general provision at 0.25% of the outstanding standard assets, has been made as prescribed by RBI vide its circular no RBI/2010-11/370 DNBS.PD.CC.No.207/ 03.02.002 /2010-11 dated 17 January 2011. This provision has been separately disclosed under Note 15 – Contingent provision against standard assets.



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (Continued)

17 NBFC disclosures

(i) In accordance with RBI notification No. DNBS 167/CGM (OPA)-2003 dated 29 March 2003, the following are the additional disclosures required under the format as prescribed vide paragraph 9BB of non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 1998.

Amounts as at 31 March 2012

Liabilities:	Amount Outstanding	Amount Overdue
(1) Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid::		
(a) Debentures : Secured	391,903	-
: Unsecured		-
(other than falling within the meaning of public deposits*)	-	-
(b) Deferred Credits		-
(c) Term Loans	-	-
(d) Inter-Corporate Loans and Borrowing	-	-
(e) Commercial Paper	1,547,954	-
(f) Other Loans:	-	-
(Please see Note 1 below)	-	-

Assets:	Amount Outstanding
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	
(a) Secured	3,383,885
(b) Unsecured	1,620,012
	Amount Outstanding
(3) (i) Lease assets including lease rentals under sundry debtors	-
(a) Financial Lease	-
(b) Operating Lease	-
(ii) Stock on hire including hire charges under sundry debtors:	-
(a) Assets on hire	-
(b) Repossessed assets	-
(iii) Other loans counting towards Asset Finance Company activities:	-
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (Continued)

17 NBFC disclosures (Continued)

	Amount Outstanding
(4) <u>Break-up of Investments</u>	
Current Investments:	
1. <u>Quoted</u> :	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds (Net of Depreciation)	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others	-
2. <u>Unquoted</u> :	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others	-
Long Term investments :	
1. <u>Quoted</u> :	
(i) Shares : (a) Equity	263,157
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others	-
2. <u>Unquoted</u> :	
(i) Shares : (a) Equity	179,915
(b) Preference	250,000
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others	-

(5) Borrower group-wise classification of all Leased Assets, Stock on Hire and Loans and Advances: (Please see Note 2 below)

Category	Amount (Net of Provisions)		Total
	Secured	Unsecured	
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	3,383,885	1,620,012	5,003,897
Total	3,383,885	1,620,012	5,003,897

** As per Accounting Standard issued by ICAI (please see Note 3 below)



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (Continued)

17 NBFC disclosures (Continued)

- (6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) (Please see Note 3 below):

Category	Market Value / Break-up or Fair Value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group #	465,256	429,915
(c) Other related parties	-	-
2. Other than related parties	1,070,042	263,157
Total	1,535,298	693,072

- (7) Other information

Particulars	Amount
(i) Gross Non-Performing Assets	-
(a) Related Party	-
(b) Other than Related Parties	-
(ii) Net Non-Performing Assets	-
(a) Related Party	-
(b) Other than Related Parties	-
(iii) Assets acquired in satisfaction of debts	-

Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
 - Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
 - All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.
- # Investments being unquoted, net assets value has been calculated as per the last available audited financial statements of the investee company as at 31 March 2011 except Preference share which was taken at book value / cost.



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (Continued)

17 NBFC disclosures (Continued)

- (ii) In accordance with RBI circular No DNBS(PD)CC No.125/03.05.002/2008 dated 1 August 2008 (Guidelines for NBFC-ND-SI as regards to capital adequacy, liquidity and disclosure norms following additional Disclosures are made in format as prescribed vide paragraph (5) of the circular as regards to Capital Adequacy, Liquidity and Disclosure norms.

Capital to Risk Adjusted Ratio ('CRAR')

Items	31 March 2012	31 March 2011
(i) CRAR (%)	81.12%	86.04%
(ii) CRAR - Tier I capital (%)	80.91%	85.84%
(iii) CRAR - Tier II Capital (%)	0.21%	0.20%

Exposures		
Exposure to Real Estate Sector		
Category	31 March 2012	31 March 2011
(a) Direct exposure	-	-
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	-	-
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	1,256,318	1,212,462
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -	-	-
a. Residential	-	-
b. Commercial Real Estate	-	-
(b) Indirect Exposure	-	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-



Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements for the year ended 31 March 2012

(Indian Rupees in '000's)

21 Notes forming part of financial statements (Continued)

17 NBFC disclosures (Continued)

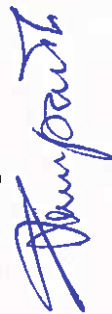
Maturity pattern of certain items of Assets and Liabilities

	1 Day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 Year upto 3 Years	Over 3 years upto 5 years	Over 5 years	Total
Fixed deposits with Banks	40,292	-	-	-	-	-	-	-	40,292
Advances	5,175	7,375	1,059,057	344,590	3,539,100	48,600	-	-	5,003,897
Investments	-	-	-	-	-	513,157	-	179,915	693,072
Borrowings from banks	-	-	-	-	-	-	-	-	-
Market borrowings*	-	395,400	400,000	1,225,000	-	-	-	-	2,020,400
* above disclosed at face value									

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W



N Sampath Ganesh
Partner

Membership No. 042554

28 May 2012

Mumbai

For and on behalf of the Board of Directors of
Standard Chartered Investments and Loans (India) Limited



Sunil Kaushal
Chairman



Dhiren Parekh
Managing Director



Kanchan Bhawe
Company Secretary